NHCN's 2nd ANNUAL STUDY OF TOP NAME BRAND PRODUCTS

THE 1984
NHCN BRANDS
REPORT

Dealers sustain steady reliance on name brand

By Kenneth Schept
NHCN executive editor

NATIONAL REPORT — Name brands were added to at least one department at 56% of America's home center stores this year.

That level of interest in national brand products is roughly the same as it was last year when brands were added to at least one department in 58% of the country's stores.

Similarly, an increased emphasis on brands storewide was reported by roughly a quarter of the industry, which is about the same proportion as in 1983.

These results are contained in a new Top Brands Study Update, which was compiled for *National Home Center News* by Leo J. Shapiro and Assoc., Chicago, which last year produced *NHCN*'s first brands study.

This year's study also found that:

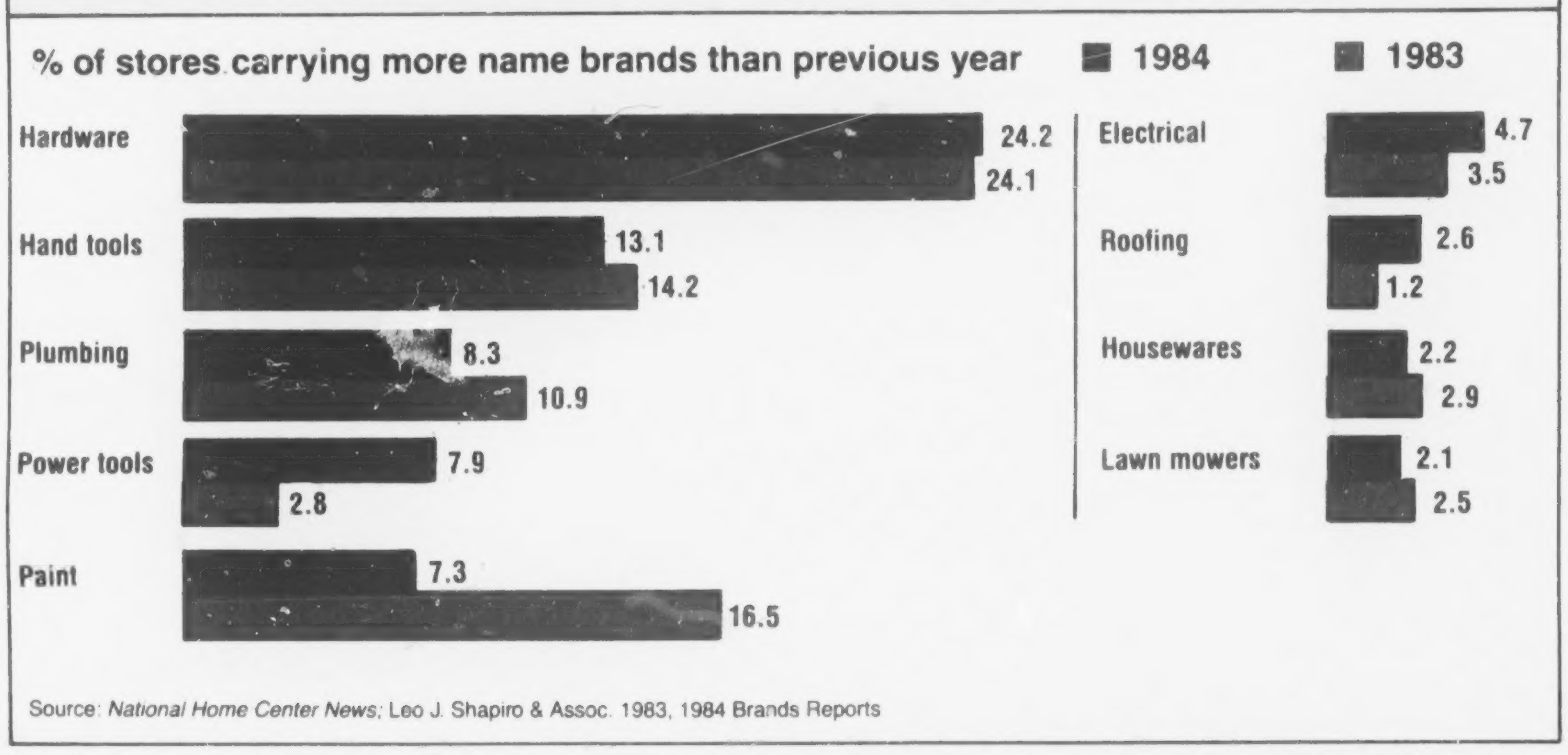
- Hardware remained the category in which most retailers expect to add brand names, but the rest of the lineup changed somewhat.
- Power tools are ranked high by both retailers and consumers in brand importance, but the groups disagree about some other categories.
- How important retailers feel brand is in a particular category is not always consistent with the number of brands they feel need to be offered on their shelves to shoppers.
- Companies that are optimistic about their sales future are more likely to expand the number of brands they carry.
- One in 4 dealers added new private label lines this year.
- Sixty five per cent of home center retailers are planning some category expansion; half are planning consolidation.

This year's study explores the importance of brand in 19 home improvement product categories. Its design allows comparisons between brand importance as viewed by retailers and consumers, when findings of *NHCN*'s Annual Study of Consumer Attitudes (*NHCN*, July 16) are incorporated.

The study also explores the relationship between the importance retailers place on brand and the number of brand name products they feel it necessary to carry in the 19 categories covered.

To round out this picture of the market, the study also examines the impact of private label on the 19 categories. And, the study reveals departments most likely to be expanded or reduced in size during the next 12 months.

Brand interest continues



Source: *National Home Center News*; Leo J. Shapiro & Assoc. 1983, 1984 Brands Reports

Hardware remained the category in which most retailers expect to add brand names. Paint, which ranked second last year, dropped to fifth; only 7% are carrying more national paint brands this year.

Hardware again leads in brands added

Hardware remained the No. 1 department in which the amount of national brand products carried was increased. Again this year, about a quarter of the industry added national brands to its hardware departments.

In contrast, paint, which ranked second last year as the department in which most national brands were added, dropped to fifth place. While 17% of home centers added national brands to their paint assortment in 1983, only 7% did so this year.

Not surprisingly, paint ranked first as a category receiving increased private label attention (see story page 22).

Conversely, roofing in 1983 was ranked 15th as a category in which national brands were added. This year roofing moved up to seventh place as 2.6% of stores added national roofing brands, compared with little more that 1% a year ago. The increase may reflect heightened vendor attention toward establishing brand identification in this commodity.

Power tools are another category in which a significant number of home centers, 8%, added brands last year compared with 1983, when only 3% increased power tool brands.

The increased brand emphasis in that category probably reflects the industry's shift toward higher-end products in response to consumer demand for quality.

Retailers, consumers sometimes disagree

In fact, among the 19 categories studied, retailers selected portable power tools as the category in which brand would most likely be important to consumers.

Portable power tools were ranked second in brand importance by consumers in *NHCN*'s Annual Study of Consumer Attitudes. Consumers ranked stationary power tools first in brand importance. That category was not examined in the Brand Study.

The near agreement between retailer and consumer regarding brand importance as it relates to portable power tools was typical of the correlation in most other categories.

Comparisons between the Brands Study and *NHCN*'s 1984 Annual Study of Consumer Attitutes also reveal general retailer-consumer accord that brand is critical in paint and faucets, but of more moderate importance in some other categories like floor tile and caulking and sealants.

However, there are several categories about which consumers and retailers disagree on the importance of brand. Retailers place much more brand importance on ceiling tile and insulation, for example. Conversely, consumers rarely give brand more importance than retailers, in any category.

Ceiling tile and insulation were ranked by retailers eighth and ninth in brand importance out of a total of 19 categories surveyed. Consumers, however, ranked ceiling tile and insulation 24th and 17th, respectively, in brand importance out of 40 categories.

In these categories, retailers apparently find brand an important way to project the idea of quality to consumers.

(Continued on page 20)

The importance of brand names

Mean rating* of brand importance from retailers' and consumers' point of view

				Number of brand names needed in category to have sufficient offering for shopper**			
Category	Retailer view	Consumer view	Difference	One	Two	Three	Four or more
Portable power tools	6.8	6.5	0.3	27.3	47.8	19.4	5.4
Hand tools	6.1	4.9	1.2	32.9	33.0	19.6	14.5
Paint	5.7	5.6	0.1	52.5	33.3	9.0	5.2
Faucets	5.5	5.0	0.5	40.3	47.9	5.7	6.1
Locksets	5.3	4.5	0.8	47.6	40.1	7.8	4.5
Sheet vinyl flooring	5.2	4.4	0.8	55.0	33.7	8.5	2.7
Garage door opener	5.0	5.3	0.3	74.9	23.7	1.1	0.3
Ceiling tile	5.0	3.4	1.6	60.9	31.1	4.8	3.2
Insulation	4.8	3.8	1.0	79.2	15.8	2.5	2.5
Floor tile	4.7	4.5	0.2	66.8	23.3	5.1	4.7
Caulking, sealants	4.6	4.1	0.5	48.8	29.1	11.8	10.2
Kitchen cabinets	4.4	2.9	1.5	48.4	31.9	9.1	10.6

*Mean rating—9 = most imortant, 1 = least important
**% of retailers surveyed

Source: *National Home Center News*; Leo J. Shapiro & Assoc. 1984

Power tools are ranked high by both retailers and consumers in brand importance, but dealers place more brand importance on hand tools, ceiling tile and insulation.

THE 1984 NHCN BRANDS REPORT

Decorator items draw increased interest of home center dealers

Nearly 40% of America's home center retailers are placing greater emphasis on decorator items or products that have a style or fashion component compared to a year ago. And, the degree of this increased emphasis is significant: 15% of the nation's home improvement dealers say they are placing "a lot" more emphasis on decorative products, according to the 1984 *NHCN* Brands Report, conducted by Leo J. Shapiro & Assoc., Chicago.

This heightened interest may reflect the feelings of some retailers that the retail market for decorative products is less competitive than more traditional home center categories; there is no pressure to run these items as loss leaders and the healthy margins the products usually command can be maintained. In addition, many smaller dealers see the decorative category as one in which they can compete effectively with warehouse home improvement centers by offering their shoppers more personalized service than the larger stores.

The upscale client and high percentage of female customers the product category attracts also helps explain retailers' attempts to beef up their profile in decorator items.

Geographically, increased decorative product emphasis is about even throughout the country.

Nearly half the companies that do yearly sales volume in the $1 million-$3 million range have increased their emphasis on decoratives. Meanwhile, in the over $10 million volume group, 42.5% are stressing decorator items more than a year ago and 26.6% of this group are placing "a lot" more emphasis.

Almost 60% of stores located in metro areas with populations of over one million are increasing emphasis in this category, with over 20% of these large metropolitan area outlets saying their decorator emphasis is "a lot" more than a year ago.

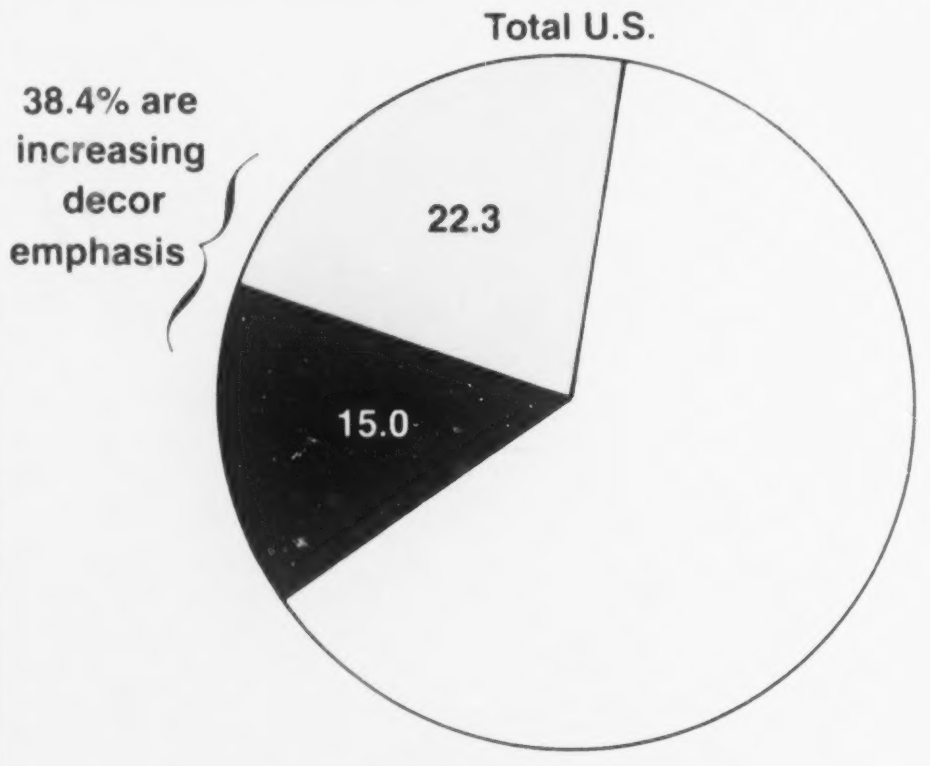
Larger sized stores seem to be doing the most to increase their emphasis on decoratives, perhaps in an attempt to take market share away from the smaller outlets, which have traditionally held solid niches in this market. Almost half the stores over 20,000 sq. ft. have upped their emphasis on decor items; 27.6% of these larger stores are placing "a lot" more emphasis on decor products.

Nationally, building materials is the category that saw the greatest increased emphasis on decorator items: 23.3% of the retailers surveyed said they heightened decorative aspect of this department. Decorative products as a general product category ranked second, followed by plumbing, heating and cooling, kitchen cabinets, window treatments and paint.

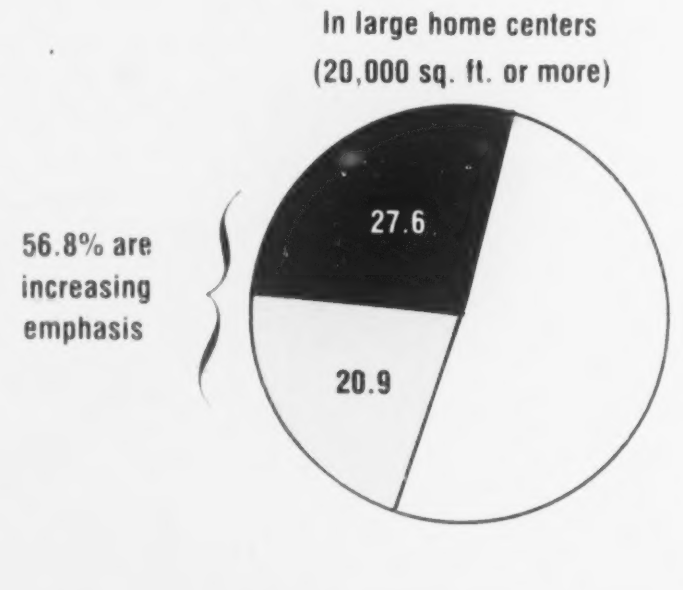
Increasing emphasis on decorator items

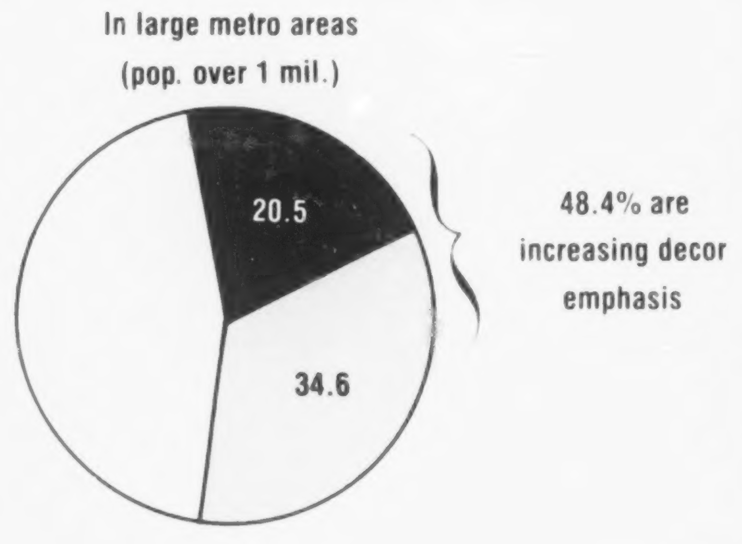
■ % of home centers
placing "a little" more emphasis on decorator items

☐ % of home centers
placing "a lot" more emphasis on decorator items



Categories where retailers are placing greater emphasis on decorator items	
Building materials	23.3%
Decorative products	20.3
Plumbing, heating, cooling	14.6
Kitchen cabinets	12.9
Window treatments	12.7
Paint	10.3
Electricals	7.0





Categories in large home centers seeing greater decorative emphasis	
Decorative products	33.6%
Electricals	17.0
Window treatments	14.2
Bath vanities	14.2
Plumbing, heating, cooling	10.2
Building materials	8.3
Paint	5.5

Categories in large metro area stores seeing greater decorative emphasis	
Decorative products	33.6%
Plumbing, heating, cooling	33.6
Bathroom (unelaborated)	24.7
Kitchen cabinets	18.5
Housewares	14.8
Building materials	12.0
Paint	4.9

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Nearly 40% of the nation's home centers are increasing their emphasis on decorator items; large home centers and large metropolitan areas lead the way.

Retailers still rely heavily on name brand products

Brand importance vs. number carried

(Continued from page 19)

Ironically, despite their belief that brand is important in ceiling tile and insulation, retailers overwhelmingly feel that they need to carry only one brand in each category. Almost two-thirds of home center operators say only one brand is necessary in the case of ceiling tile, while about 80% share that view regarding insulation.

Retailers may be trying to avoid confusing customers with multiple brands of products that are essentially commodities. That consumers rank brand less important in these categories may reflect that fact that, in a majority of home centers, only one brand is offered.

The brand array home center retailers feel compelled to offer varies by category. Retailers feel the greatest number of brands is required in wall paneling, caulking and sealants, floor tile and hand tools.

The correlation between the brand importance attached to a category and the number of brands offered is inconsistent. While with ceiling tile and insulation only one brand is usually offered in categories in which brand is considered important, the opposite is true with wall paneling.

Wall paneling ranks only 11th out of 19 in brand importance yet first in the number of brands retailers say they must carry. About 1 in 5 retailers feels that four or more brands are needed.

This need for multiple brands in wall paneling may be driven more by panel manufacturing techniques than consumer buying habits, however. Generally, each vendor produces its products using only one type of substrate. Consequently, a retailer needs multiple sources, or brands, to offer variety.

In general, the need to carry multiple brands seems strongest among companies that are optimistic about their sales gains this year. For example, nationally, the number of wall panel brands retailers feel they need to offer works out to a mean of 2.8. Among the most optimistic companies, this mean increases to 3.7.

Similarly, 2.5 is the mean number of floor tile brands that retailers feel should be carried. It rises to 4.5 brands among the most optimistic companies.

Optimism or pessimism will affect how companies allocate space in the coming months, however. About 70% of America's home center stores plan some category expansion next year regardless of their sales forecast.

However, about 60% of companies expecting conservative sales growth plan some category consolidation, while only 40% of more expansive companies expect cutbacks.

Categories most likely to experience some change in size next year are plumbing, heating and cooling; building materials; hardware; electricals and paint.

Product categories where most space alteration is planned

Categories	% who plan to increase or decrease square footage during next 12 months
Plumbing, heating, cooling	20.4
Building materials	17.7
Hardware	16.1
Electrical	14.6
Paint	13.6
Power tools	10.7
Lumber	9.5
Lawn & garden	8.7
Hand tools	6.8
Tiles, floor, ceiling	6.8

Source: *National Home Center News;* Leo J. Shapiro & Assoc.

The plumbing, heating & cooling category is the most likely to experience some change in size during the next year.

Where space changes are occurring

% of respondents planning to increase or decrease square footage in specific categories during the next 12 months

Increasing floor space		Decreasing floor space	
Plumbing, heating, cooling	15.8	Building materials	7.4
Electrical	12.0	Paint	6.0
Hardware	11.0	Housewares	5.1
Building materials	10.3	Hardware	5.1
Lumber	8.3	Plumbing, heating, cooling	4.6
Paint	7.6	Power tools	4.5
Power tools	6.2	Lawn & garden	3.4
Cabinets/kitchen	5.4	Automotive supplies	3.2
Lawn & garden	5.3	Tiles/floor/ceiling	3.2
Hand tools	4.3	Electrical	2.6

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Retailers expect to do some consolidation in their building materials and paint categories during the coming year.

Category increases planned by store size

Under 10,000 sq. ft.		10-20,000 sq. ft.		Over 20,000 sq. ft.	
Plumbing, heating, cooling	16.5	Plumbing, heating, cooling	16.3	Lawn & garden	17.5
Electrical	12.5	Hardware	12.2	Power tools	16.5
Building materials	11.5	Building materials	11.4	Lumber	15.1
Hardware	11.2	Electrical	9.1	Electrical	13.5

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Category decreases planned by store size

Under 10,000 sq. ft.		10-20,000 sq. ft.		Over 20,000 sq. ft.	
Hardware	7.3	Paint	8.9	Building mat'ls	17.8
Power tools	7.2	Housewares	5.8	Housewares	13.1
Building mat'ls	6.2	Automotive	5.6	Automotive	6.9
Tiles/floor/ceiling	4.6	Plumbing	4.6	Power tools	4.8
Electrical	4.0	Lawn & garden	4.5	Decorative	4.5

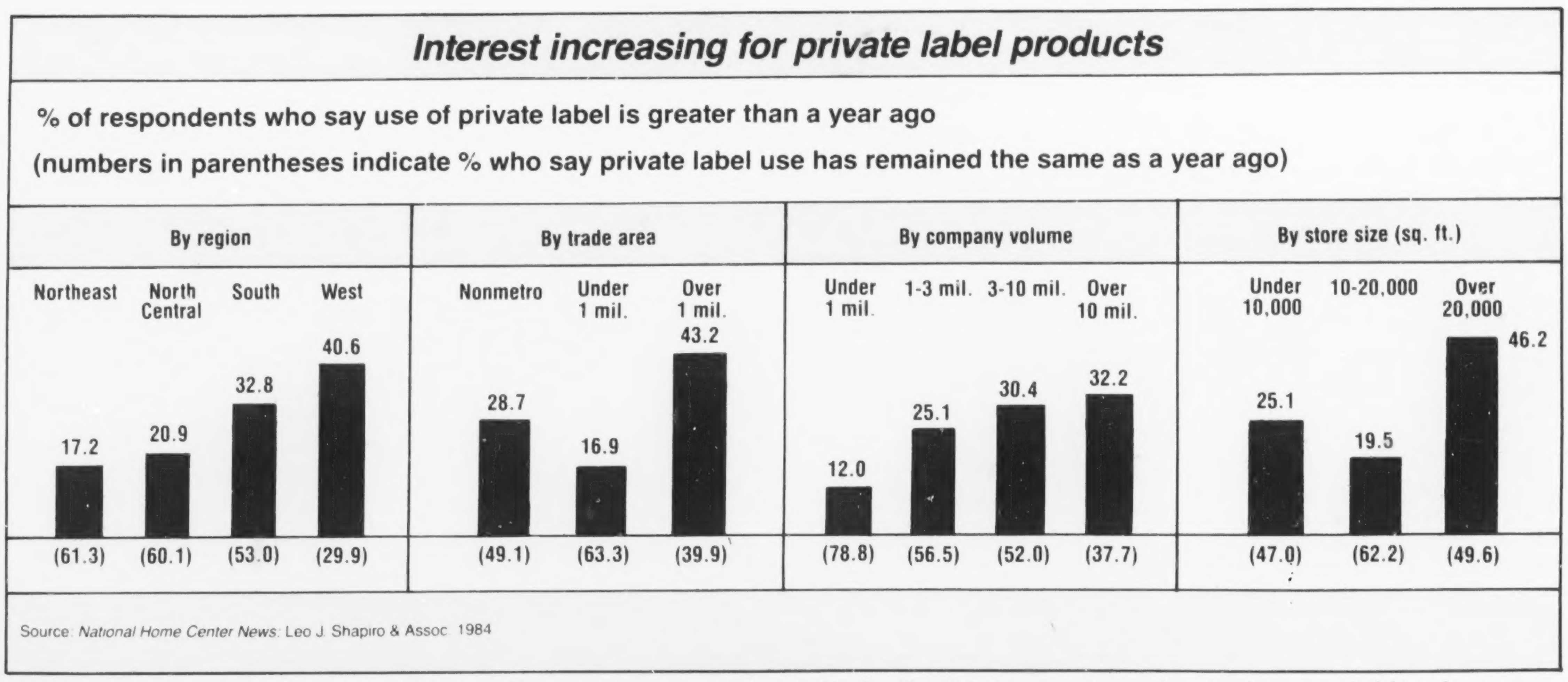
Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

THE 1984 NHCN BRANDS REPORT

Large dealers fuel upswing in private label use

Private brands most often sold on promotions

By John Caulfield
NHCN senior editor


Interest increasing for private label products

Source: *National Home Center News*; Leo J. Shapiro & Assoc. 1984

Use of private label products is on the rise: The greatest percentages of retailers using more private label than a year ago are located in the West, in large metropolitan trade areas, in big volume companies and at large-sized stores.

More than half of America's home center dealers say private labeling is "important" to their selling of 19 designated product categories, according to *National Home Center News*' 1984 Brands Survey.

The study, produced by Leo. J. Shapiro and Associates, also shows that 1 in 4 dealers added new private label lines to their stores last year, and are using those items that are private labeled for promotions.

Private label merchandising, sold in conjunction with nationally advertised brands, varies rather drastically from market to market and product to product. It is strongest in the west, where, 7 out of every 10 dealers west felt private labeling was generally important.

The trend seems strongest among large dealers. Three out of 5 retailers with 10,000-plus-sq.-ft. stores, and those operating $3 million to $10 million companies in large metro markets, touted the significance of private labeling.

The greatest number of all dealers, 1 in 5, identified paint as a category in which private labeling is important in their stores. The private labeling of paint was also alluded to by more than a quarter of those dealers whose companies sales exceed $10 million, and more than a third of the dealers operating units bigger than 20,000 sq. ft. The fragmentation within the retail paint industry seems to make the market more conducive to private labeling of paint than with other products.

Recently, retailers discussed the efficacy of their developing private label programs for the building materials they sell (*NHCN*, Aug. 13), with most concluding that while consumers show no overwhelming preference for one building products brand over another, they do demand that a national brand be available. which told dealers that private labeling of these products is probably impractical, at least at the moment.

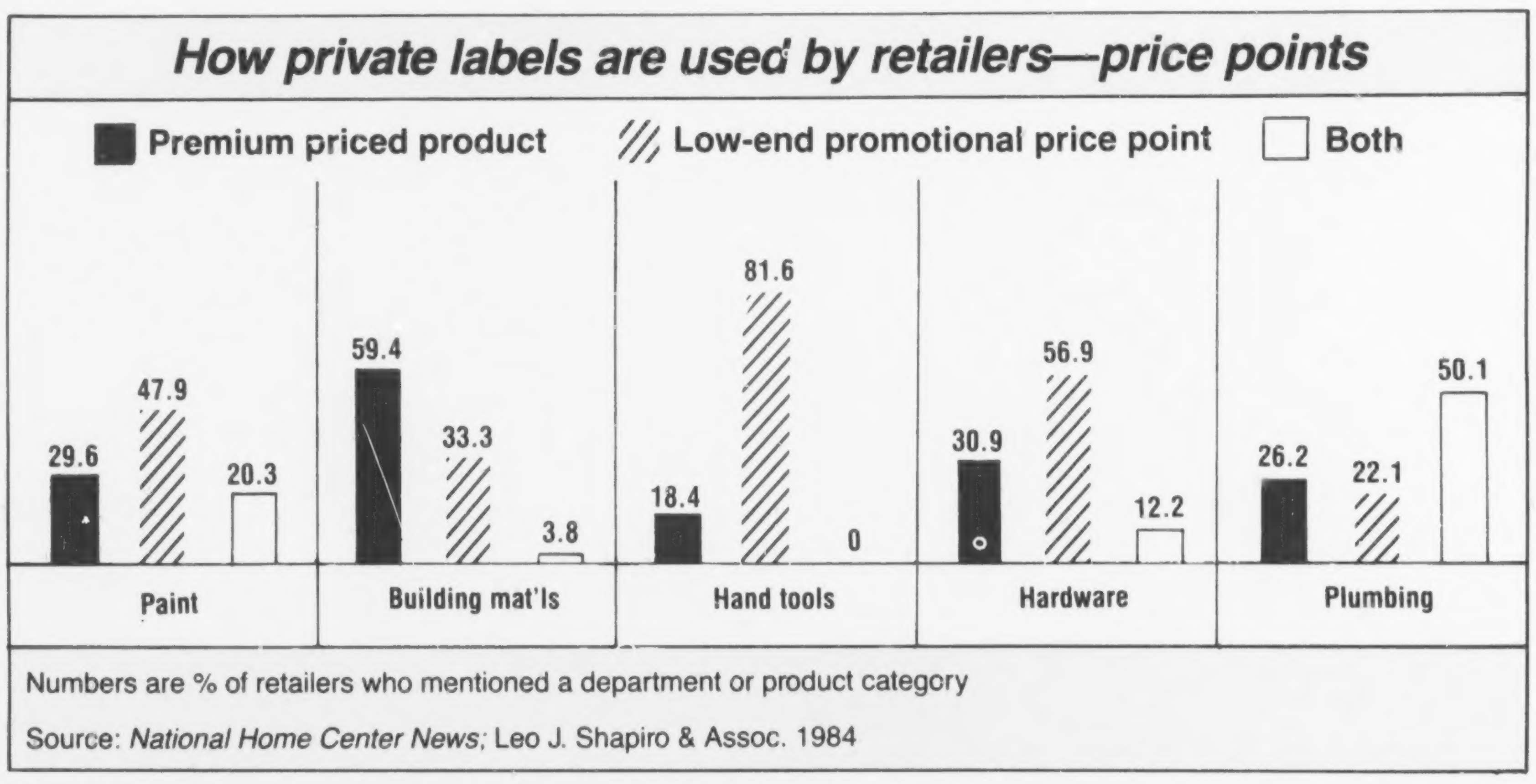
Nevertheless, building materials ranked second in the study as the product group in which private labeling was deemed important. This kind of merchandising was particularly popular in this category among dealers in north central states and in nonmetro markets, with companies doing $1 million to $3 million in annual sales, and with dealers whose stores are 20,000 sq. ft. or more.

Third on the private label list in the study was the hand tools category, which is not surprising considering the number of retail chains going over the Orient and elsewhere to buy cheaper hand tools that are sold under their stores' names. While 10% of total dealers said private labeling was important to sell hand tools, 1 in 7 with companies of $10 million or more in sales also thought this way.

That more and more imported hand tools are vending their way into home centers and being sold under a store's logo is undeniable. However, it should be noted that, conversely, dealers named hand tools more often than any other category except portable power tools as one in which brand name merchandising was important. So, it appears unlikely that dealers are planning to feature private label brands over the national tool brand names they sell.

Perhaps the oddest responses about private labeling were in the lawn and garden category. More than 16% of those dealers with stores operating 20,000-sq.-ft. stores or larger in metro markets of one million or more indicated private labeling in this product group was important.

On the other hand, dealers with smaller stores in less competitive markets that run companies with reduced sales volume do not consider lawn and garden private labeling to be important at all. Such a wide disparity between two dealer groups was unusual in the study.


How private labels are used by retailers—price points

Numbers are % of retailers who mentioned a department or product category

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Retailers generally sell private label paint, hand tools and hardware at low-end, promotional price points, while they most often offer private label building materials at premium prices. Private label plumbing is most often sold on both premium and promotion by retailers.

One possible explanation for this could be that, with national brands of fertilizer, chemicals and tools being footballed so regularly, it has become incumbent on dealers in highly competitive markets to develop private label lawn and garden programs to insure their departments' profits. In smaller markets, competition usually is not as severe, and consumers shopping stores here are either adept enough at gardening to know what they want to buy, or are relying more heavily on the advice of a store's salesman than on a brand's reputation in their buying decisions.

Dealers who held definite opinions about the importance of private labeling in their stores were decidedly more noncommittal when asked how their private label brands were priced. Almost half of the surveyed dealers declined to answer this question, for reasons the study did not elaborate on.

Close to 3 out of 10 dealers in the study claimed to use private label brands in all product groups as low-end promotional fare, numbers that rose to more than 1 in 3 retailers with 10,000-20,000-sq.-ft. units in smaller metro markets, and close to 2 out of every 5 in the South and in one million-plus resident markets.

When dealers singled out a specific category in which private labeling is used more frequently than in others, close to half said they would sell that product at the low end, with more than 60% of those dealers in the South, with companies doing $10 million or more in sales and those operating units in large metro markets doing the same.

In the hand tool category, private label promotional activity was fiercest, as more than 80% of all dealers said they use this product group, when sold under their stores' name, as a loss leader item. Nearly 3 out of every 5 dealers were using their private label hardware lines similarly.

On the other hand, more than a fifth of the respondents claimed to sell their private label merchandise as "premium priced products." A quarter or more of those dealers in the north central states and with stores in nonmetro markets sold these items at the high end. And, surprisingly, almost 60% of all dealers identified private label building materials as products that could be sold at the upper end of the price spectrum.

Around 7% of the study's total dealership said private label products were marketable at both the high and low ends, a pricing strategy that was implemented by 1 out of every 5 dealers in the West, and 1 in 7 with stores 20,000 sq. ft. or more.

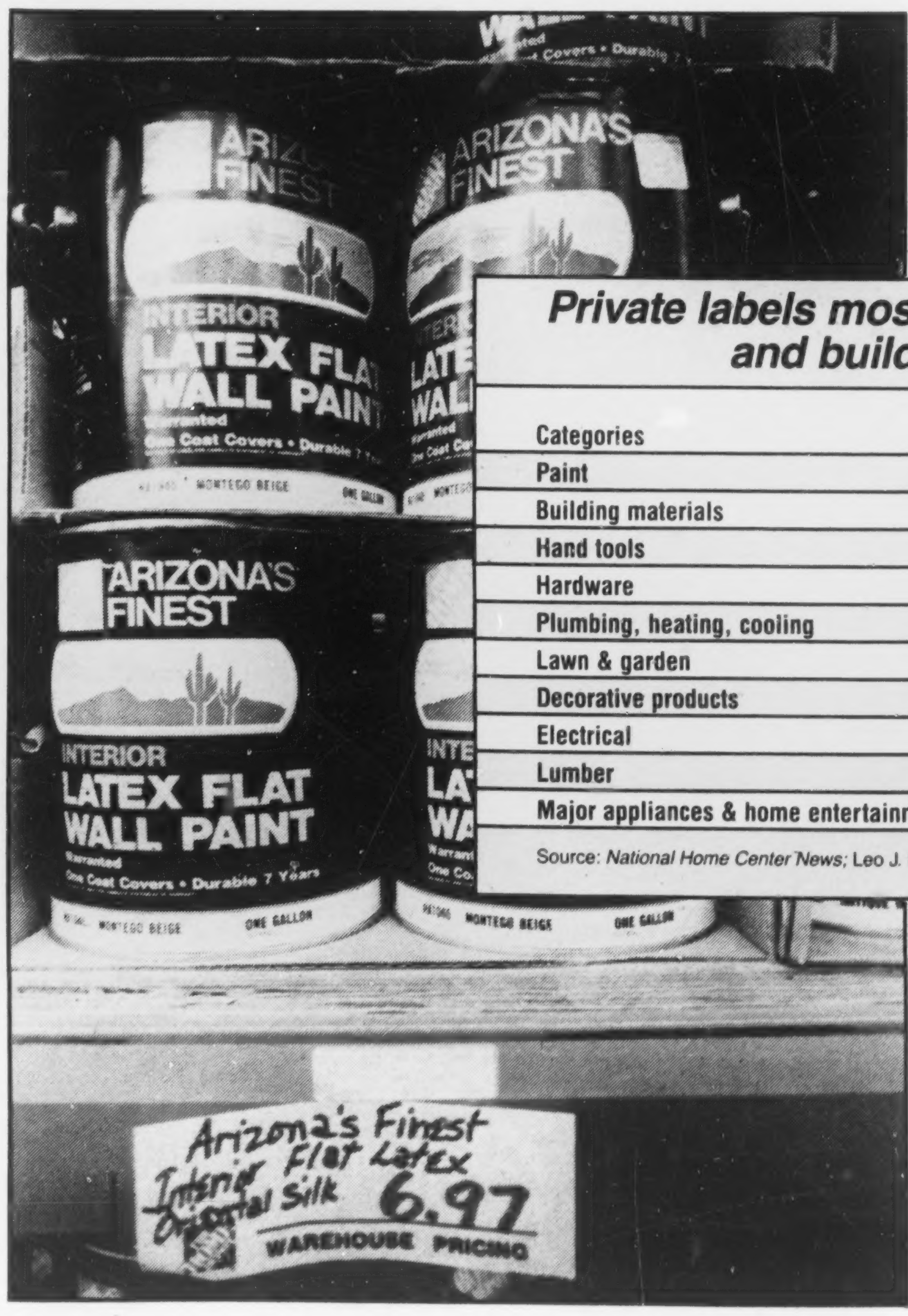
So it appears that, as long as there are retailers trying to dif-

(Continued on page 24)

Private labels most important in paint and building mat'ls

Categories	% who feel that private label is important
Paint	20.0
Building materials	13.7
Hand tools	10.0
Hardware	8.6
Plumbing, heating, cooling	6.3
Lawn & garden	4.8
Decorative products	4.1
Electrical	2.0
Lumber	2.0
Major appliances & home entertainment	1.7

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984


ARIZONA'S FINEST
INTERIOR LATEX FLAT WALL PAINT
One Coat Covers • Durable 7 Years
MONTEGO BEIGE
ONE GALLON
Arizona's Finest Interior Flat Latex Oriental Silk 6.97
WAREHOUSE PRICING

The greatest number of all dealers said paint, pictured on shelf at a Home Depot store in Phoenix, was a category in which private labeling is important in their stores. Building materials ranked second in the study despite recent major national promotional efforts by several commodity suppliers to create a better brand name awareness for their products.

Categories viewed as traffic/margin generators

Traffic		Margin	
Categories	% of retailers naming category as a traffic generator	Categories	% of retailers naming category as a margin generator
Paint	28.8	Hardware	22.6
Building Materials	26.7	Paint	15.6
Hand tools	18.0	Building materials	10.6
Power tools	13.0	Hand tools	9.2
Tile/ceiling/floor	9.3	Power tools	5.9
Hardware	8.1	Plumbing/heating/cooling	4.7
Plumbing/heating/cooling	5.4	Lumber	4.0
Lumber	4.8	Tile/ceiling/floor	3.8
Cabinets/kitchen	2.7	Cabinets/kitchen	3.1
Electrical	2.6	Electrical	1.7

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Paint and building materials are used by many retailers as both traffic and margin generators. Hand and power tools were also considered effective categories for bringing customers into the store, while retailers viewed hardware as the top category for maintaining solid margins. Some product categories, such as electricals, kitchen cabinets and lumber, were considered to be neither traffic generators nor margin builders by many retailers.

NHCN Brands Report probes name brand importance in the U.S. home center industry

The *National Home Center News* 1984 Brands Report is an investigation into the importance of brand in America's home center industry.

The study was compiled for *NHCN* by Leo J. Shapiro and Assoc., Chicago, and its results are nationally projectable to the industry as represented in the 1983 Home Center Operators and Hardware Chains Directory.

That guide, published by Chain Store Guides, a division of Lebhar-Friedman, which also publishes *NHCN*, lists 12,059 home center stores nationally. The study is based on interviews that cover 1,342 of those outlets.

Last summer 20 to 30 minute interviews were conducted that explored the importance of brand in 19 different categories and also inquired about the number of brands needed in each category, the likelihood that a category would be expanded or contracted and the impact of private label.

The questions were answered by 291 respondents, most of whom were either owners, buyers or merchandise managers of home center companies; 77 were store managers.

This sample was weighted according to the number of stores a respondent represented and the size of his company in sales volume. The sample was designed to reflect the profile of the United States home center industry in the Chain Store Guide.

The four major geographic regions of the country are represented proportionally. In addition the respondent mix was adjusted to represent the appropriate mixture of companies by sales volume, number of stores, size of stores and whether the usual trading area is rural or metropolitan.

Respondents had been with the companies they represented a median of 10 years. Two-thirds were responsible for single-store operations. Almost 20% represented chains of 20 stores or more.

Overall, respondents were responsible for a median of 4.5 stores.

Private labeling

(Continued from page 22)

ferentiate their stores' merchandising programs from the rest of the pack, this debate about private labeling will continue. However, on the study's evidence, it is inconclusive whether the rush toward private labeling has slowed, as more than half of all dealers claimed not to have added any new private label products to their stores over the past 12 months.

More than 3 out of 5 dealers with stores that are 10,000 sq. ft. or larger, or are located in the northeast and north central states, said their private label product mix remained the same over the past year a number that jumped to a remarkable 80% among dealers whose companies generate less than $1 million in sales per year.

About a quarter of the study's surveyed dealers increased the number of private label products they stock, with more than 2 out of every 5 in the west and with stores 20,000 sq. ft. or more operating in larger metro markets placing greater emphasis on private label merchandising.

Slightly more than 10% of all dealers in the study reduced the number of private label brands they carry, with nearly 1 in 5 located in the northeast having dropped some lines bearing their store's name.

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Dealers stick to regional favorites in adhesives

Top adhesive brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Weldwood	8.0%	11.1%	9.9%	20.5%	17.2%	9.2%	12.3%
DAP/DOW	12.4	7.6	10.3	11.1	4.1	9.1	27.9
Franklin	5.3	17.0	14.1	6.0	12.5	9.8	4.1
W. W. Henry	10.8	13.8	12.0	6.0	11.7	9.6	6.2
Elmers	5.7	15.0	8.9	6.0	9.6	8.5	4.2
Macco	4.3	1.0	4.7	14.2	4.3	15.6	0.8
H. B. Fuller	2.8	3.1	21.3	5.1	10.5	4.4	3.3
Contech Brands	1.4	5.7	9.6	9.3	10.2	0.9	3.4

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Adhesives vendors have carved distinct niches of the market: W. W. Henry with low volume companies; Weldwood and Macco with high volume operations; Weldwood and Henry at smaller sized outlets; Macco with midsized units, and DAP is named as best selling among a plurality of operators of large home center stores.

While adhesives products can be found on the shelves of virtually all home centers, the number of vendors in the field is so high that no single brand dominates the market.

Home centers responding to a survey recently completed for *National Home Center News* mentioned over two dozen "best-selling" brands currently on their shelves.

Many of these vendors seemed to have carved out niches for themselves either in terms of region, or in terms of size of home center operation, according to the survey that was undertaken by the Chicago research firm, Leo J. Shapiro and Associates.

Some 13% of home center operators, a plurality, named Weldwood as one of their best selling brands.

However, it appeared that Weldwood's popularity varied widely not only by region but also by size of chain. Nearly 1 of 3 home centers in the west mentioned the brand, while fewer than 1 in 25 in the northeastern states did so.

Further, the vendor has become much more popular with large home center operations than with smaller ones, according to the survey. Of chains doing over $10 million annually, almost 1 out of 5 mentioned the brand. For operators doing under $1 million, the rate was less than 1 out of 10.

Two vendors made showings nearly as strong as Weldwood's when their separate brands were added together. More than 1 out of 10 home centers identified Macco, or its Liquid Nails brand name, as a best seller on their shelves. The Macco brand drew responses in particular from the North Central States, while Liquid Nails found its greatest strength in the Western States.

Contech drew responses from about 1 out of 10 home center operators, when mentions of the Contech name and the company's PL 200 and PL 400 paneling adhesives evaluated together. Contech showed particular strength in the northeast while its paneling brand was stronger in the West.

Three other vendors—DAP/Dow Corning, Franklin, and W. W. Henry—seemed to have captured just about as much attention from retailers. About 1 out of every 10 home centers named one of these vendors as offering best-selling brands on their shelves.

While Weldwood had captured a more dominant portion of the larger home center market, DAP, Franklin and Henry seem to have become somewhat more successful with smaller ones. Both Franklin and Henry were mentioned by only 6% of home centers doing over $10 million annually, while those home centers had mentioned Weldwood 21% of the time. On the other hand, more than 1 out of 10 home centers doing under $1 million mentioned DAP and Henry, somewhat higher than the mentions for Weldwood.

DAP, Franklin and Henry also were mentioned as best-selling brands far more often by home center operations of under nine stores, than they were by companies with over 10 stores.

More than 1 out of 20 operators said that other brands, like Elmers and H. B. Fuller, were best sellers for them.

Nearly two dozen additional brands were specified as "best sellers," each by fewer than 1 out of 20 home centers, reflecting the great diversity and fragmentation of the category. Some of these brands were 3M, 3C, General Electric, Macklanburg-Duncan, and Wilhold.

Home center operators seem to feel that the consumer is not particularly "brand conscious" when it comes to adhesives. On a scale of 1 to 9, home center respondents ranked adhesives at 4.2, on the average, in terms of brand importance to consumers. Adhesives ranked 14 out of 19 categories.

On the average, home center respondents stated that only one or two brands of adhesives were necessary to meet the needs of consumers, and fewer than 2% of respondents have increased the number of brands they carry over the past year.

Retailer brand preference:

Adhesives

Brand	% of retailers naming brand as among their best selling
Weldwood	13.2%
DAP/DOW	10.5
Franklin	10.3
W. W. Henry	9.6
Elmers (Bordon)	8.2
Macco	7.5
H. B. Fuller	6.9
Contech Brands	6.1
Liquid Nails	4.7
PL200/400	4.7
3M Corp.	3.9
3C	2.5
General Electric	2.4

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

No one brand dominates adhesives; Weldwood, DAP, Franklin, W. W. Henry, Macco (which also makes Liquid Nails) and Contech (which also makes PL 200 and PL 400) share about equal popularity in the market.

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All Purpose Adhesive Caulk

Bill Friedman, Vice President, Friedman Brothers Hardware, Santa Rosa, CA

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Polyseamseal® All Purpose Adhesive Caulk

Brand identity all important to sell power tools

Brand identity is more important to consumers buying portable power tools than any of the other 18 product categories ranked by dealers responding to this year's *NHCN* Brands Study.

And it appears consumers are making a connection between respective brands and their quality, as data in the study corroborates claims made elsewhere by dealers that the industry is shifting toward stocking higher-end power equipment. Several brands falling into the upper end of the price scale were prominently named as best sellers by the survey's respondents.

These findings were further elucidated by the low ranking private labeling received as a marketing tool for dealers selling power tools. The inference to be drawn from the study is that consumers are buying those power tools that they recognize from dealer and manufacturer advertising, and which have strong quality reputations.

It is interesting, then, to find Black & Decker named as the best seller by the greatest percentage of dealers in the study. More than half of all retailers participating in the study said B&D's power tools were among the best sellers in their stores, a fact that takes on new meaning when one considers how much emphasis the Towson, Md.-based company has put behind its higher-end, better-quality construction line of power tools over the past year.

While it is still known for its lower-end drills and circular saws that can be bought from almost any discounter, B&D as a brand has become more expansive because of its wider range of quality items. And this marketing approach has apparently attracted some of the big names in the home center industry: more than 3 out of every 5 dealers in the study with stores of 20000 sq. ft. or more, operating 10-plus unit chains in large metro markets that do more than $10 million in annual sales identified B&D as a best seller in their units.

Dealers in general, and the larger dealers in particular, do not seem adverse to stocking a number of power tool lines in their stores, which explains why an almost equal number of those naming Black & Decker as a best-selling brand also identified Skil Corp.

Skil, which plans to upgrade 83% of its entire product line by 1986, and which introduced 22 new products at this year's Hardware Show, has always had a strong quality reputation with dealers. And among those retailers polled in the survey, the Chicago-based supplier's power tools were especially popular in the West, where more than 7 of 10 dealers named Skil as a best seller, and in non-metro markets, where more than 60% identified its line as producing strong sales. (By comparison, almost 70% of those dealers in markets of one million or more people said B&D's products sold well in their stores.)

The quality-brand name connection continues throughout the study's listing of best-selling power tool brands. Makita, the high-end tool line made in Japan and distributed out of Cerritos, Calif., ranked third with close to one-fifth of all dealers, and nearly two-fifths of those in the northeast, saying it was a best-selling brand.

Even the premium and expensive professional products manufactured by Milwaukee Tool Co. were named by more than 5% of the dealers in the study.

That the market is ripe for dealers selling higher-ticket, better quality power tools can be seen by the number of retailers who, despite being asked specifically about portable power equipment, identified two brands of stationary tools as best sellers in their stores.

The stationary products

(Continued on page 35)

Top portable power tools brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Black & Decker	52.1%	49.9%	56.2%	62.3%	53.1%	54.1%	63.0%
Skil	56.0	54.0	56.7	49.7	57.5	51.9	42.4
Makita	14.8	17.8	10.2	19.9	20.6	18.5	18.8
Rockwell	6.4	9.8	6.8	1.4	8.0	1.4	5.9

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Skil power tools were most popular among lower volume operations while Black & Decker was named as best selling by more high volume companies; smaller sized stores also preferred Skil while larger outlets opted for B&D.

Retailer brand preference:

Portable power tools

Brand	% of retailers naming brand as among their best selling
Black & Decker	54.7%
Skil	52.3
Makita	19.8
Rockwell Int'l	5.9
Milwaukee Tools	5.1
Stanley	3.6
Porter Cable	3.0

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

High price/quality brand name equipment by Black & Decker, Skil and Makita received the greatest number of responses from dealers as among their best selling.

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It's one thing to put a label on a hose that implies quality. It's another thing to *make* a good hose. With Colorite, quality and performance satisfaction is built into every hose. And it's not there by chance.

Starting with the quality raw materials, every step of our high-tech manufacturing is controlled and constantly inspected, both in our East Coast and West Coast plants. The end results are great-looking hose for you to display and sell.

For quality and performance as promised, rely on the integrity of the world's largest manufacturer devoted exclusively to garden hose. Rely on Colorite—we make it happen!

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Abrasion-resistant heavy cover coat.
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O-C blankets the industry in brand awareness

Top insulation brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Owens-Corning	55.2%	62.9%	61.4%	72.8%	64.6%	59.4%	62.6%
CertainTeed	10.1	19.0	29.2	26.6	27.5	22.8	11.9
Johns-Manville	29.4	19.1	11.7	14.4	13.1	14.1	29.1

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

While Owens-Corning has a huge lead in brand preference in the insulation category, CertainTeed has strength among higher volume companies and Johns-Manville stands tall among retailers doing less than $1 million in yearly sales.

One name brand, Owens Corning Fiberglas continues to dominate the home center insulation market. Out of 86% of American home centers offering name brand insulation, nearly 62% indicated that Owens Corning was among their best-selling brands, according to the latest *National Home Center News* study.

Owens Corning, like the insulation category itself, showed blanket penetration in all four regions, with some variations in popularity. It dominated every type of home center regardless of sales volume, store size or whether it was an independent or part of a chain.

Its nearest competitors CertainTeed and Johns-Manville remain far behind in brand awareness. CertainTeed was mentioned in just over one-fifth of all home centers as a top selling brand and Johns-Manville was named by one-sixth.

These three companies—Owens Corning, CertainTeed and Johns-Manville—dominated retailers' responses. All three are manufacturers of roll insulation. However, makers of other types of insulation were also mentioned.

Celotex, which makes rigid board insulation and roof insulation was mentioned by 1% of retailers. Dow Chemical, another manufacturer of rigid board insulation was named by just under 1%.

Probably because Georgia-Pacific, a distributor of insulation and not a manufacturer, has such a strong brand identification through its advertising campaigns, 1.3% of retailers named it as being among their strongest selling insulation brands.

Retailers believe that brand is important to consumers in buying insulation. Those retailers in metropolitan areas and with companies with a volume of over $10 million in sales stressed the consumers' brand awareness still further.

However, consumers themselves, responding to the *National Home Center News'* Consumer Attitude Survey last spring gave less weight to the importance of brand names in buying insulation. Perhaps manufacturers have been more successful in convincing retailers about the importance of brand and less persuasive in swaying consumers.

Despite the retailers' view of brand importance, they see no need to carry more than one brand of insulation, a commodity.

This, therefore, means that the three leading insulation makers have to compete for that one spot. Owens Corning's massive expenditure on advertising (see *NHCN*, Aug. 13) encourages retailers to stock its name brand. The manufacturers, generally, have been stressing new, ease-of-handling innovations to distinguish their products.

Statistically, the study showed that insulation was strongest in the Northeast where it was carried by over 95% of all home centers. Owens Corning commanded the largest awareness, being mentioned by nearly three-quarters of the home centers as being among their best-selling brands.

The West was the only region where Owens Corning was offered significant competition. Here its brand penetration dropped to 48% whereas CertainTeed was named by one-third of the retailers and Johns-Manville, which is based in the region in Denver, was named by 27% of the retailers.

Although CertainTeed was the second most important name brand overall, Johns-Manville scored higher brand awareness from one-store independent home centers. Here it was mentioned by 21% of retailers and was second only to Owens Corning, which was mentioned by two-thirds of the respondents. However, in one-third of the nation's stores of 20,000 sq. ft. or more, Johns-Manville is also considered a best-selling brand.

CertainTeed achieved its highest scores among retailers of larger chains, although it fared less well in the largest stores.

Retailer brand preference: *Insulation*

Brand	% of retailers naming brand as among their best selling
Owens-Corning	61.9%
CertainTeed	22.8
Johns-Manville	16.5
Georgia-Pacific	1.3
Celotex	1.0
Dow Chemical	0.9

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

There's a marked fall-off in retailers' brand name preference after the top three insulation vendors.

Power tools

(Continued from page 31)

made by Rockwell International out of Pittsburgh ranked a surprisingly high fourth among all brands named as best-selling power tools by dealers, three notches higher than the portable power tool line Rockwell sold off two years ago that is now being distributed under the name Porter Cable.

All this activity at the high end among retailers might come as a surprise to some in the industry, particularly when viewed against power tools being the fourth-ranked traffic generating product category in the study. One can only conclude that as consumers continue to come into home centers looking for power tools, they are also demanding that what stores carry is of better quality than in the past.

And, when one assesses that power tools, as a category, ranked fifth among margin-generating product groups in the study, it is easier to understand the move by retailers toward higher-end, less promotional power tool lines.

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So does crime prevention.

As one of America's leading manufacturers of security systems, we should know. Even in the best of times people are concerned for the safety of their families and property. They want reliable, affordable protection — and you can sell it to them.

Most people think home security means spending thousands of dollars or days of wiring to put in a traditional system with window foil and a big red bell. Suppose you could sell them a system for under $200 that installs in an hour or two with no special knowledge that does all the same things. Suppose you could advertise that it's UL listed as a burglary protection device and qualifies for discounts on homeowner's and renter's insurance. Suppose the system was portable and could move with young families as they grow. You don't have to suppose — you can sell a system in your store today that does all those things — the PERIM-A-TRON by Universal.

Described by one dealer as "the first popular-priced alarm system that isn't a toy", it has many features found only on professionally-installed systems costing much more. It sounds the alarm **before** the intruder even gets into your house, yet allows the family complete freedom of movement **within** the house while they're being protected. It's more easily installed than a garage door opener and a whole lot more necessary. And it can be part of a complete home security program in your store.

If you sell locks, outdoor lighting, fire safety products and door openers, then you should sell PERIM-A-TRON. It's a major ticket sale that's too lucrative to ignore. Your customers want security — with PERIM-A-TRON from Universal, you can sell it to them. To get started call Scott Edwards, VP Sales 301-363-3000.

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THE 1984 NHCN BRANDS REPORT

Paint promos, private labels remain important

The retail paint market, despite the strengths of two of its leading suppliers, remains highly fragmented, a condition that is partially responsible for paint being used by dealers more frequently than any other product category as a promotional item to increase a store's customer traffic.

And, as dealers look for new ways to squeeze paint sales out of their departments by differentiating their programs from their competitors, it appears the implementation of private label merchandising, especially among larger chains with big stores, is becoming more prevalent.

Dealers responding to this year's *NHCN* Brands Study, produced by Leo J. Shapiro and Assoc., Chicago, ranked paint as the No. 1 category in which private label brands are important, with 1 out of every 5 retailers attesting to its significance. And, in more competitive markets or among dealers with larger stores, the development of a private label for paint appears to become more likely.

For example, in metro markets of over one million population, nearly 1 in 3 dealers said private labeling of paint was "important." Two out of 5 whose stores are 20,000 sq. ft. or more felt the same way, as did nearly a quarter of those whose companies' annual sales exceed $10 million.

Top paint brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Olympic	2.8%	16.9%	13.5%	19.0%	10.7%	26.0%	6.9%
Glidden	10.2	7.3	9.9	21.1	10.0	14.5	13.3
Colony	12.5	5.2	1.7	14.0	11.6	2.6	6.9
Tru-Test	6.6	10.7	10.0	0.2	8.6	4.5	8.7

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

The two leading suppliers were most popular at high volume companies, while Colony was named most often as a best-selling brand at lower volume operations. Glidden was the overwhelming choice among larger-sized home centers.

Dealers' attitudes about selling branded paint in general have also shifted. In last year's study, 16.5% of all respondents said they had increased the number of national brands of paint in their stores over the preceding 12 months; this year, that percentage was about half the 1983 total, or 7.3% who expanded their branded paint lines.

Brand as an element of paint marketing is still deemed significant among dealers in the study, as the category ranked third behind portable power tools and hand tools in brand importance.

However, in terms of how many brands dealers felt were necessary to meet customer demand, paint ranked a relatively low 12th out of 19 categories, perhaps indicating that dealers are going with only one, maybe two lines they feel can produce the greatest sales at the best margins.

Paint is viewed by dealers in the survey as their leading customer traffic builder, with close to 30% of all respondents using paint to draw customers, more than any other category. In companies with $10-million-plus sales, these figures increase to about 33%; in the South and West, more than 1 in 3 dealers use paint as a customer draw, and among retailers whose stores are 20,000 sq. ft. or more, 2 out of every 5 dealers promote paint to lure in more clients.

The amount of promotion and price slashing dealers engage in when selling paint explains, to some degree, the industry's fragmentation (it is estimated there are more than 1,000 paint companies in the United States) and why dealers are turning to lower cost, potentially higher margin private label brands in their stores.

However, because competition among paint dealers is so fierce, particularly when one takes into account Sears' assiduous promotion of its Weatherbeater paint line, private labeling will take a dealer just so far, and it is virtually impossible for home centers to be without at least one well-known, nationally advertised paint brand in their departments.

Among those dealers surveyed, close to 15% identified the Olympic brands as the best-selling paint (and, in this case, stain) in their stores, followed closely (12%) by Glidden Coatings and Resins. Each company conducts extensive national television campaigns, and has, in fact, stepped up their promotions this year. (Glidden to further establish in consumers' minds its relationship with K mart, and Olympic to push the Lucite paint line its parent, Clorox, purchased from Du Pont early in 1983.)

Olympic's greatest strengths appear to be in the Northeast, and with companies operating two to nine stores that range from 10,000 to 20,000 sq. ft. Glidden, based in Cleveland, received its highest percentage response from dealers in the South and from companies doing over $10 million in volume,

(Continued on page 38)

Retailer brand preference:

Paint

Brand	% of retailers naming brand as among their best selling
Olympic	14.5%
Glidden	12.0
Colony	7.6
Tru-Test	6.7
Enterprise	5.8
Rust-Oleum	5.7
Dutchboy/ Martin-Senour	4.0
Pittsburgh Paints	3.8
The Valspar Corp.	3.8
Benjamin Moore	2.7
Minwax	2.5
Sherwin Williams	2.2
Fuller-O'Brien	2.2
Savogran	2.1
Red Devil	2.0
Cuprinol	1.8
Pratt & Lambert	1.7
Magicolor	1.7
Samuel Cabot	1.4

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Olympic and Glidden lead a highly fragmented, and hotly competitive, paint market.

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YOU KNOW
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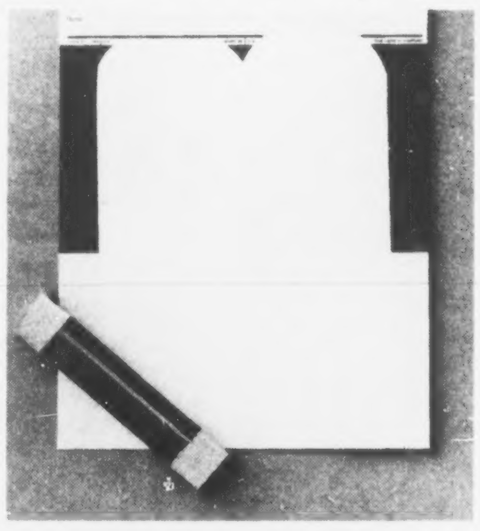
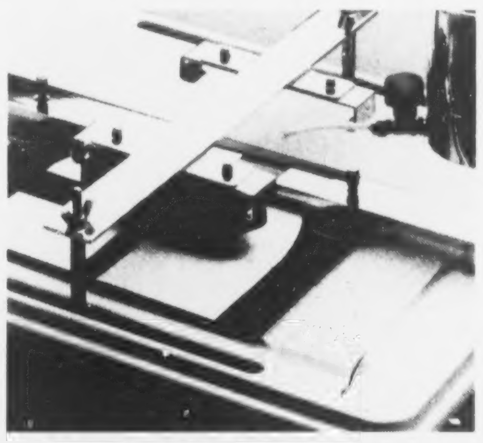


1 **Check the paint "hiding quality" with the industry standard draw-down bar.**

"Hiding" is the covering ability of paint at a uniform thickness (3 mils), on a uniform black surface. Does the black show through? Not if the paint has a high titanium dioxide content. United Coatings paints contain more titanium dioxide than competitors, therefore we have a better "hiding" product.



2 **Evaluate the "scrub quality" with the Gardner washability machine.**

This test is a side-by-side paint toughness shootout! An abrasive coated scrub brush is pulled back and forth across our paint sample and a competitor's paint sample. 150 strokes can rub out a poor quality paint. United Coatings paints test 3 to 4 times longer than most of our competitors. At any given price point our paints contain more acrylic and vinyl resins, for better washability.

3 **Test the "adhesion quality" on difficult surfaces.**

We do that with the same machine as in Test 2. Paint samples are placed side-by-side over a glossy alkyd surface and permitted to dry for 24 hours. The paint film is then cut by a razor blade and soaked in water for 1/2 hour. Samples are emersed in water and scrubbed without abrasive. This test checks the surface adhesion under the worst conditions. United Coatings paints stick better on difficult surfaces because they contain more pure acrylic resins.

What does this testing mean to you?

Our test results prove that United Coatings paint products are of the highest quality and must, therefore, be made using the finest raw materials and methods. In fact, United Coatings has the highest raw material cost as a percentage of sales in the paint industry—over 63%!

And yet, our prices are the most competitive in the industry because we keep our overhead costs low.

How our quality works for you.

This commitment to quality and low overhead gives our customers the opportunity to offer *their* customers the best paint values.

In fact, our private label accounts not only get generous compliments about the paint they sell, but their customers keep coming back and bringing new customers with them.

The United Coatings Commitment.

You get the highest quality paint at the lowest possible price, with complete on-time delivery.

For more information, about how United Coatings quality paint products can increase your sales, call Jules Knapp, President, or Richard Hutner, Vice President, at 800-621-1000. They'll enjoy talking to you about the great products from

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Retailers sold on four ceiling tile brand names

Most of the nation's home centers—almost 80%—carry ceiling tiles, yet only four manufacturers have been named as best sellers.

Armstrong was named a best seller by over half the home centers surveyed in a market research report compiled by Leo J. Shapiro and Associates for *National Home Center News*.

Celotex and Owens-Corning were also named best sellers by 1 in 5 retailers in the survey, followed by Gold Bond which was mentioned by 14% of respondents.

Retailers also feel that consumer brand awareness is important in this category, and that more than one brand should be sold, according to the survey.

However, this contradicts the findings of a consumer attitude study made for *National Home Center News* earlier this year (July 16). In this study—which surveyed consumers for their brand awareness, among other things—consumers were found to have a low-brand and low-store awareness for ceiling tiles.

Similarly, more than three quarters of home center retailers with small, medium and large numbers of units in their chains, sell ceiling tiles.

In addition, equally high numbers of home centers with large, medium and small-sized units sell ceiling tiles.

Although over two thirds of stores in every type of metro-area carry ceiling tiles, the strongest concentration of retailers carrying the product seems to be in rural areas. Almost 90% of home center retailers serving rural markets sell them.

Retailers serving different regions of the country report different brands as best sellers.

For instance, at least half of the home centers in all four regions name Armstrong as a good seller, but almost two-thirds of the home centers in the West named that vendor. Less than half of the home center retailers in the South mentioned Armstrong.

Also, almost a quarter of the home centers in the North-central and South named Celotex as a strong seller, but less than a tenth of home center retailers in the West named it.

Similarly, Owens-Corning had one in four home centers naming it in the Northeast, but had less than 1 in 10 respondents in the South listing it as a best seller.

In addition, Owens-Corning was named a best seller by a relatively large number of high-volume home centers. A third of the respondents with volumes above $10 million named this vendor a best seller.

Gold Bond is strongest in the Northeast, with over 1 in 4 home center retailers naming it as a best seller, but with only 4% of home center retailers in the West naming it.

One explanation for the discrepancy may be that while manufacturers have been successful in persuading retailers that brand is important, they apparently have not been as successful at convincing consumers.

Whatever the reason, none of the home center retailers surveyed increased the number of brands they carry in the past year.

Nevertheless, ceiling tiles are seen as good traffic generators rather than as good margin/profit generating products.

Whether the dollar volume of a home center was large, medium or small, the majority of respondents said they sell ceiling tiles. Fewer home centers with volumes below a $1 million stock them, but even two-thirds of those companies handle the product.

Top ceiling tile brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Armstrong	45.2%	56.1%	63.0%	51.1%	62.3%	48.8%	36.7%
Celotex	13.8	20.9	18.6	26.3	17.5	23.3	16.8
Owens-Corning	12.8	10.9	19.2	32.5	13.9	23.3	21.5
Gold Bond	13.0	10.4	21.6	17.6	15.1	10.8	17.2

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Armstrong is the preferred ceiling tile brand at all sizes of companies and stores while Celotex is strongest at midsized operations and Owens-Corning at larger chains and stores.

Retailer brand preference:

Ceiling tile

Brand	% of retailers naming brand as among their best selling
Armstrong	53.1%
Celotex	20.0
Owens-Corning	18.0
Gold Bond	13.6

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Only four brands of ceiling tile were named by retailers as among the best selling in their stores.

Paint brands

(Continued from page 36)

having 10 or more outlets and operating larger stores.

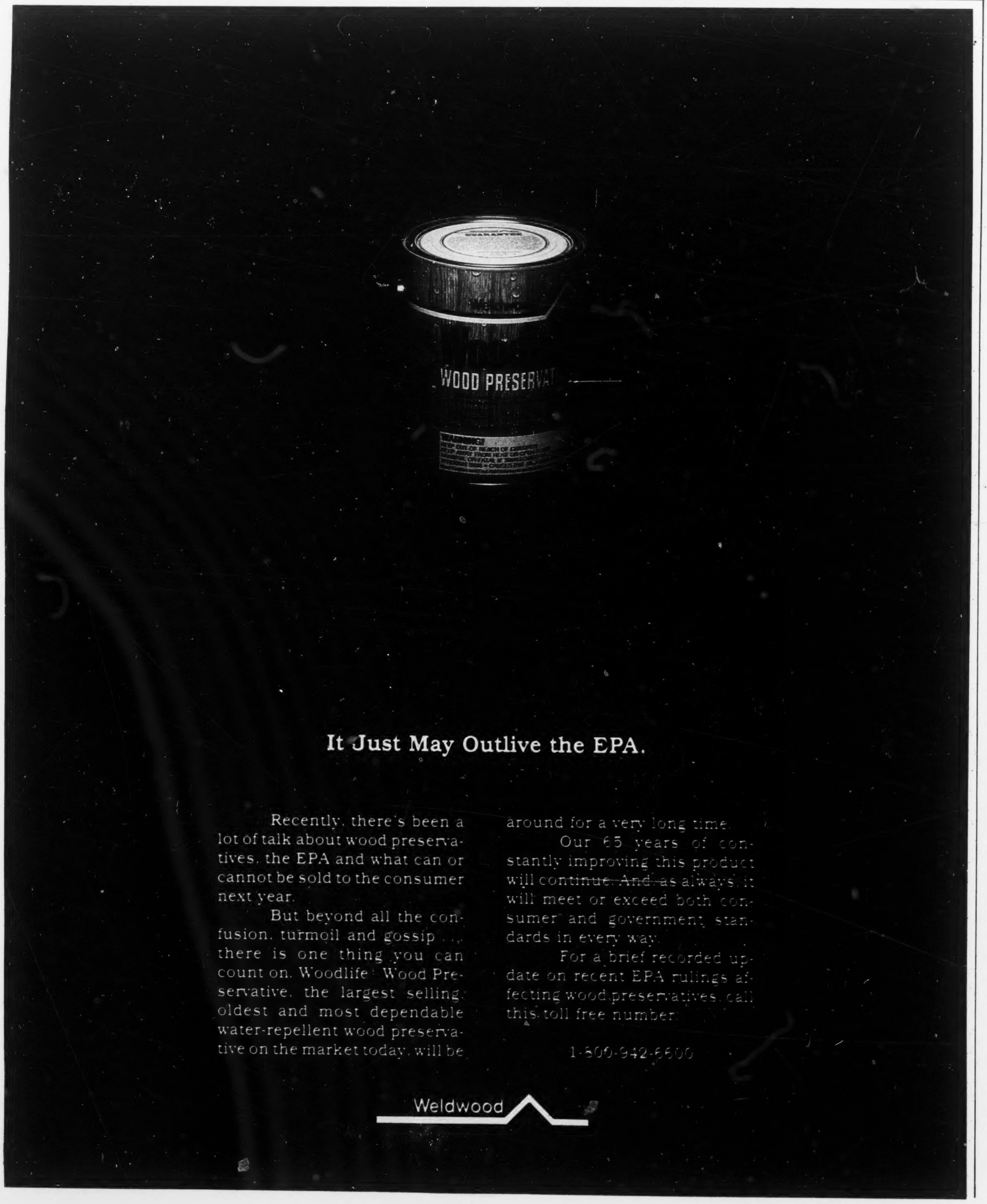
Unlike Glidden and Olympic, whose market coverage is more national in scope, the next three ranked paint brands in the study are more clearly defined along specific dealer lines.

For example, Colony Paints, the Minneapolis-based division of Valspar, appears to do well with dealers in the north central states, and with companies with more than $10 million in sales and over 10 stores. However, it has made virtually no impact on the study's dealers in the northeast.

The dealer profile of those who stock Tru-Test Paint appears to reflect those to whom Cotter & Co., the nation's largest hardware wholesaler that distributes Tru-Test as its private label, sells all its products.

Stores selling Tru-Test, according to the study's data, are likely to be under 10,000 sq. ft. (although larger stores also carry the brand), and part of a two- to nine-unit chain doing anywhere from $1 million to $10 million. Cotter continues to cater specifically to the independent hardware store, so its minimal showing among dealers with large chains and big stores was to be expected.

On the other hand, it is this latter retail group that Enterprise Cos. appears to be shooting at exclusively. Enterprise, the Chicago-based company which sells to an extremely high percentage of the home center industry's top 25 chains, got no response in the survey from dealers whose stores do less than $3 million in sales or who operate single unit companies.



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Weldwood

THE 1984 NHCN BRANDS REPORT

Supplemental lines may open hand tool market

That the greatest cross section of dealers identified products made by Stanley Works, the world's largest tool manufacturer, as their best-selling hand tool line should surprise virtually no one reading this year's *NHCN* Brands Study.

But one of several findings that could raise some eyebrows shows that about 10% of those dealers responding to the survey with 10 stores or more, and an even higher percentage with units 20,000 sq. ft. and over, claim not to carry hand tools—one of the industry's staple products—at all.

With over 90% of all dealers in the study handling hand tools in their stores, one might think the market is at or near its saturation point. However, the survey reveals that, with more dealers taking on supplemental lines, and with some of the larger chains and bigger stores still not stocking the items, some opportunities for market penetration continue to exist.

It appears, though, that the majority of those home centers with tool departments see Stanley's line as a necessary element in their product mix. More than 7 out of every 10 dealers surveyed (and more than 8 out of 10 in the West) named Stanley's hand tools as among their best-selling.

The New Britain, Conn., manufacturer's market penetration appears to run the gamut through all industry and demographic segments, and Stanley has been particularly successful in getting its merchandise into larger home center chains operating bigger stores, according to the survey's data.

Retailers queried ranked hand tools second behind portable power tools as a category in which brand is an important marketing element, and with Stanley spending more on national advertising than almost any other tool supplier, it's hardly shocking that dealers want to capitalize on its name brand recognition among consumers by stockings its products.

However, while the study basically bears out statements made by Stanley and other tool suppliers that the industry is gravitating toward single sourcing, it also notes that dealers still look to diversify their product mix by adding new brands to fill out their main supplier's offering.

The study shows that close to 1 out of every 7 dealers increased the number of national hand tool brands carried in his stores over the past year. And the typical respondent said that two or more hand tool brands were necessary to meet customer demand.

Several better-known hand tool lines were listed by dealers as best-selling in their stores, even though they all distantly trailed Stanley's products.

About 10% of all retailers surveyed placed The Copper Group's Plumb line of striking tools in the best-selling category. And Plumb showed particular strength with dealers located in the South and among those whose companies generate $10 million or more in annual sales.

In fact, Cooper—the corporation which makes several lines of hand tools under the Nicholson, Lufkin, Weller, Wiss/Boker and Crescent names—was identified as a best-selling "brand" by more than 6% of the survey's retail respondents, even though no tools bear its name, per se.

Cooper, which is based in Raleigh, N.C., sells tools considered to be at the high end of the price spectrum, whereas Stanley's line would be at the high end of the midprice range. That both companies figure so prominently as best-selling names in the survey corroborates that dealers are shifting their emphasis away from "junk bin" tools toward better quality.

However, as has been reported in this publication and elsewhere, many American manufacturers are relinquishing the low end to import tool lines, many of which boast much-improved quality over the past few years, and are now estimated to own at least 20% of the hand tool market in the United

(Continued on page 44)

Top hand tool brand preferences by company size & store size

Brand	Company sales volume				Sq. ft. area in stores		
	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Stanley Tools	69.6%	59.8%	74.7%	84.3%	73.6%	73.4%	73.3%
Plumb	15.3	7.3	7.9	15.8	16.6	3.9	7.4
Fuller Tool	15.2	10.7	5.8	—	7.3	11.3	8.1
Black & Decker	6.5	11.8	7.1	2.8	5.6	9.1	12.0
Skil	7.2	11.4	5.7	—	5.1	8.8	4.5
Cooper	1.5	6.0	13.1	6.0	6.9	6.1	6.1
Vermont American	10.2	1.5	8.7	5.5	8.5	2.4	4.7

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Stanley's penetration of the hand tool market runs the gamut from small companies to large chains, while other companies, most notably Plumb and Fuller, tend to have strengths in particular segments of the market.

Retailer brand preference:

Hand tools

Brand	% of retailers naming brand as among their best selling
Stanley Tools	72.2%
Plumb	10.1
Fuller Tool	8.7
Black & Decker	7.9
Skil	6.1
Cooper	6.1
Vermont American	5.8
Mater Mechanic	4.0
Great Neck Saw	3.1
Disston	3.1
Vaughan & Bushnell	3.0
Lufkin	2.3
Makita	2.1
Tru-Temper	2.1
Blue Grass	1.9
Estwing	1.8

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Stanley far outdistanced its nearest competitor among retailers surveyed naming a specific brand as among their best selling. The remaining companies, including several national manufacturers, rated closely.

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THE 1984 NHCN BRANDS REPORT

One vendor dominates untapped floor tiles

Top floor tile brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Armstrong	12.9%	11.6%	26.8%	43.7%	28.8%	28.1%	26.5%
Kentile	10.2	15.7	7.6	6.9	13.7	5.9	2.0
Azrock	8.1	2.1	2.2	—	1.8	4.4	—
Amtico	1.4	1.0	4.1	—	1.0	4.2	—

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Armstrong's strength is among higher volume companies, while Kentile appears more popular at medium-sized home improvement operations.

NATIONAL REPORT — Less than half the nation's home centers carry floor tiles, which suggests that their full market potential hasn't yet been tapped.

The market is dominated by Armstrong, with fragmented competition fighting for the remaining dollars, according to a recent brands survey conducted by Leo J. Shapiro for *National Home Center News.*

Yet despite Armstrong's strength, retailers also think it's necessary to carry a selection of brands on their shelves, according to the survey.

More stores in rural and large metro-markets (with over one million people) seem to carry floor tiles than stores in moderate metro markets.

In addition, retailers show regional preferences for different floor tile manufacturers.

However, the size of home center stores does not affect floor tile distribution among retailers, as an almost equal number of retailers with small-, medium- and large-sized stores carry them.

Although only 44% of all the retailers surveyed carry floor tile, half of them are large-volume retailers. In fact, 70% of retailers with dollar volumes above $10 million carry floor tiles. In comparison, only a third of the retailers with volumes below $1 million stock them.

A similar pattern is seen with the number of units in a home center chain. Two-thirds of all the chains with more than 10 stores carry floor tiles, while only 1 in 4 single-unit retailers stock them.

The predominance of large chains carrying floor tiles may reflect low margins, which would make it necessary for retailers to obtain high turns in order to generate profits. Three times more retailers said they use floor tiles as traffic generators than for high-profit margins.

Strengths examined

Nationally, Armstrong was the strongest brand in the survey, with almost 1 in 3 of all the retailers surveyed carrying it. Kentile was next with 8% of all retailers saying it was among their best-selling brands, while both Azrock and Amtico following with 2% each.

Armstrong was named as a best seller by retailers in all four of the regions classified in the survey. So was Kentile, which has a strong following in the South, with 14% of retailers mentioning Kentile as a best seller, compared to 18% of Southern retailers who cited Armstrong.

The Northeast is an equally strong area for Kentile, with 14% of retailers mentioning it. Additionally, this region is Amtico's strongest maket as 5% of retailers mentioned it there, compared to its 2% national average.

Although Armstrong leads in all the regions, the West is its strongest market base, with 36% of retailers calling it a best seller.

Yet despite Armstrong's strength in the floor tile market, retailers still see the need to carry more than one brand. The survey found that they prefer to have two or three brands on store shelves.

Retailer brand preference:

Floor tile

Brand	% of retailers naming brand as among their best selling
Armstrong	26.7%
Kentile	8.8
Azrock	2.2
Amtico	2.0

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Armstrong dominates a fragmented floor tile market.

Hand tools

(Continued from page 42)

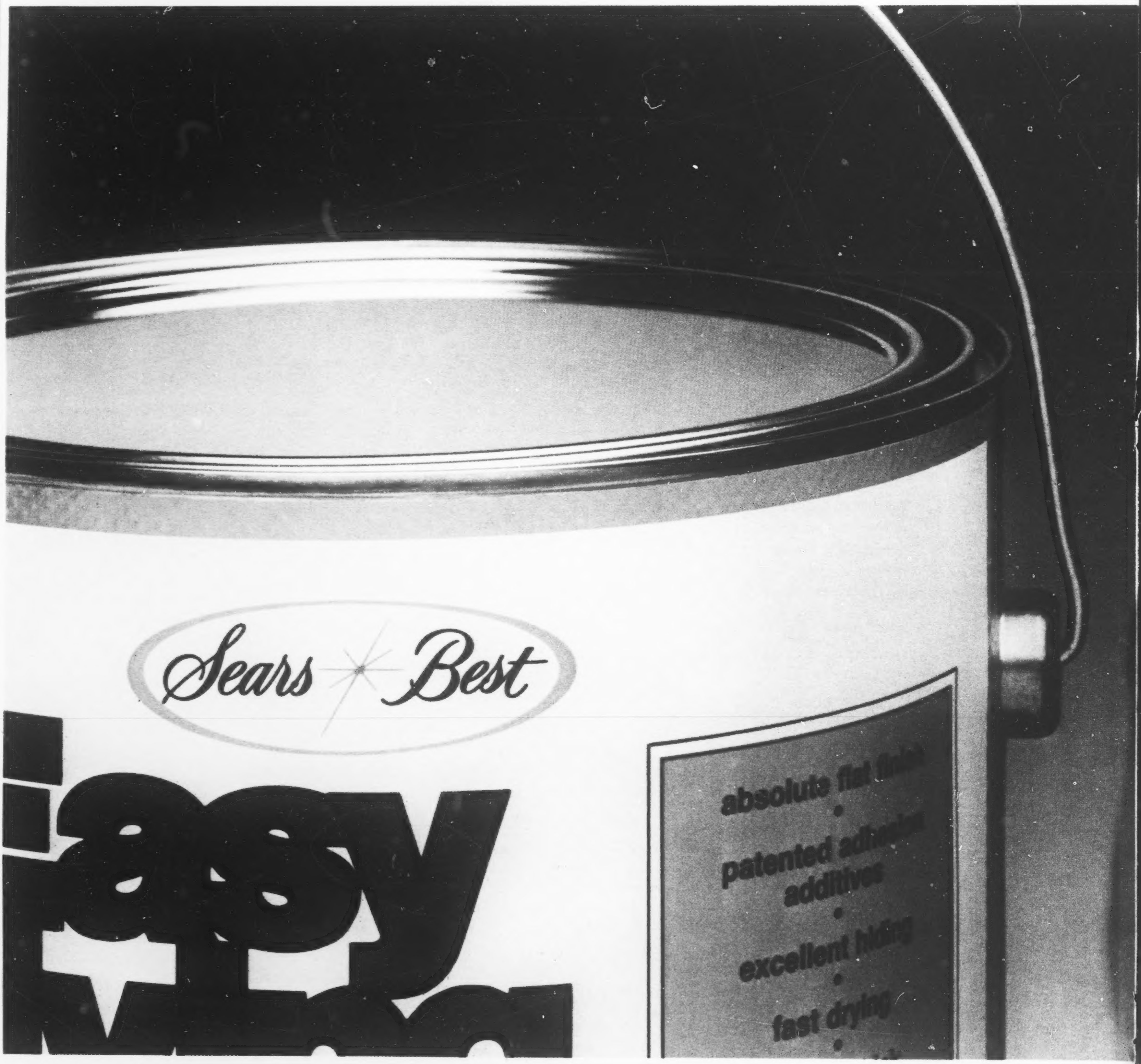
States.

Retailers are using imported hand tools as their departments' opening price point, and these overseas items are more regularly becoming standard components in most home centers' product mixes.

Just how much dealers are relying on these low-end products to increase tool sales, though, is subject to question, as less than one-fifth of all retailers in the survey said they promote their hand tool lines to generate customer traffic.

One point of interest, though, is seen in the more than 15% of hand tool dealers whose companies do more than $10 million in annual sales identifying private labeling as important for their tool departments.

In the final analysis, though, the window through which new hand tool lines can crawl to crack into the United States market is shrinking, primarily because imports have captured about all the market share they are likely to get, and dealers continue to show a marked preference for nationally advertised, highly visible brand names.



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Dealers see sheet vinyl as brand-oriented

Only a third of the nation's home centers carry sheet vinyl floor covering, the majority of them being large chains with high dollar volumes and big stores.

As with both floor and ceiling tiles, Armstrong is the most popular supplier of sheet vinyl floor covering, with 70% of home centers that stock this category naming it as a top seller, according to a survey conducted by Leo J. Shapiro & Assoc., Chicago, for *National Home Center News*.

Among the home center industry as a whole, Armstrong is a best seller at 25% of all stores, since just 36% of America's home centers carry sheet vinyl floor covering.

There also are some half-dozen other vendors considered best sellers, but to a much lesser degree, according to the survey.

Top sheet vinyl floor covering brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Armstrong	10.2%	11.4%	34.7%	39.1%	27.3%	24.2%	24.9%
Congoleum	7.5	4.8	6.1	9.3	6.1	5.9	9.1
Tarkett	—	1.5	1.8	15.8	5.6	1.5	9.1
Kentile	4.4	6.4	—	—	1.6	3.7	1.3
Mannington	1.4	2.1	4.5	—	2.6	1.4	—

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

The Armstrong name carries significant weight in all size stores, and especially at higher volume companies. Tarkett also scored high at big volume operations.

In addition, home center retailers see sheet vinyl floor covering as a strongly brand-oriented product, although they also feel there is no need to carry more than one brand.

A great proportion of home centers with stores over 20,000 sq. ft. carry sheet vinyl than companies with smaller-sized units.

In addition, more retailers supplying nonmetro markets carry sheet vinyl floor covering than retailers in both large and small urban markets.

A home centers' dollar volume also seems to relate to whether sheet vinyl floor covering is carried. Almost two-thirds of home center retailers with volumes above $10 million carry it; one-third of home centers with $3-million to $9-million volumes and less than one-fifth of home center retailers with volumes below $1 million, sell sheet vinyl floor covering.

The number of stores in a chain show a similar pattern, with nearly half of the 10-unit-plus chains selling it; a third of the two to 10 store chains and a fifth of the single-unit home centers carrying sheet vinyl.

Despite the relatively small per cent of home center retailers who carry sheet vinyl floor covering, they see the product as a good traffic generator, which also supplies good margins in the 40% range (*NHCN*, Aug. 15, 1983).

Congoleum and Tarkett appear to be Armstrong's biggest competitors as 7% and 5% of all home center retailers, respectively, said these brands were among their top sellers.

Although 2% of the nation's home center retailers consider Kentile sheet vinyl a best seller, that company does not produce sheet vinyl. The confusion probably reflects the strength of the Kentile name as a manufacturer of floor tile.

Retailer brand preference:

Sheet vinyl flooring

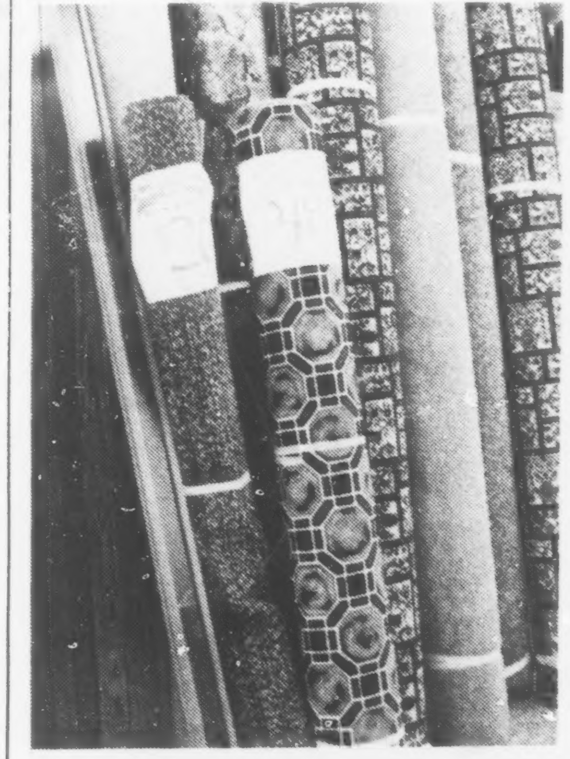
Brand	% of retailers naming brand as among their best selling
Armstrong	24.9%
Congoleum	6.6
Tarkett	4.8
Kentile	2.1
Mannington	1.7

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Armstrong is a best seller name brand at a quarter of the home centers surveyed.

However, these figures hide some strong regional brand preferences. For instance, Tarkett and Kentile show their greatest strength in the Northeast, with 13% of retailers listing Tarkett and 9% Kentile, as among their best sellers. In comparison, Armstrong is named by 17% of retailers in this region.

Congoleum, on the other hand, is strongest in the North Central region, with 10% of all retailers in that area claiming it as a top seller. This vendor is also named by 6% and 5% of retailers in the South and West, respectively, compared to only 1% of retailers naming it in the Northeast.



Only a third of the nation's home centers carry sheet vinyl flooring. Payless Cashways' Plano, Tex., unit is one of them. NHCN photo

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THE 1984 NHCN BRANDS REPORT

Dealer/shopper garage opener views diverge

Stanley garage door openers bulk merchandised at Grossman's Warehouse, Babylon, N.Y. NHCN photo

Top garage door opener brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Stanley	13.6%	14.3%	33.4%	22.3%	26.2%	18.5%	21.0%
Genie	16.8	10.3	24.2	29.8	25.3	16.3	9.9
Chamberlin	18.4	6.6	8.7	13.8	15.1	9.0	9.1
Mor-O-Matic	10.2	3.7	2.6	0.4	2.9	0.7	7.9

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Stanley and Genie ran close in garage door opener brand preference by company and store size, with manufacturers further down the list showing better among smaller home center companies.

While two-thirds of the nation's home center retailers carry garage door openers, dealers feel brand names are only fairly significant in shaping a shopper's buying decision in this category. However, consumers rank brand importance at a somewhat higher level, suggesting that retailers are underestimating the value their shoppers place on this product's brand name.

Of 19 product groups evaluated in this year's *NHCN* Brands Report, garage door openers ranked seventh in retailers' view of brand importance to consumer buying decisions. In a survey of consumer attitudes conducted earlier this year (*NHCN*, July 2), shoppers ranked garage door openers fourth, out of 40 product categories, in terms of brand importance.

In light of this disparity, retailers may also have to re-evaluate the number of name brands they carry in this category. This year's Brands Report found that three-fourths of the retailers surveyed felt that selling one name brand garage door opener provided a sufficient offering for the shopper.

Two brands dominate: Stanley, from the hardware division of Stanley Works, New Britain, Conn., and Genie, made by Alliance Manufacturing of Alliance, Ohio, with 21.5% and 20.3% of retailers, respectively, naming those brands as among their best-selling. Adding the 1% of retailers who mentioned the Alliance name as among their best-selling, the two leading vendors in this market are clearly running neck-and-neck.

Chamberlin, the No. 3 brand, was mentioned only half as many times as either of the two top names. The rest of the garage door opener market appears fragmented with no other brand being mentioned by more than 4% of the retailers surveyed.

Regionally, the strength of the Stanley name is greatest in the West, where it was tabbed by over half the retailers as among their best-selling brands. Chamberlin's strength is also in the West: it received best-selling mentions by more than 18% of retailers there. Genie was strongest in the Northeast and North Central, but appeared especially weak in the South, where only 8% mentioned Genie as compared to 18% who said Stanley. Interestingly, nearly two-thirds of the dealers in the South said they don't sell garage door openers.

Among home centers doing less than $1 million in annual sales, Chamberlin topped both Stanley and Genie; but the market leaders have carved out dominant positions among retailers with $3 million-$10 million and over $10 million in yearly volume. Also, Stanley and Genie are mentioned most often by dealers whose stores belong to chains of 10 units or more.

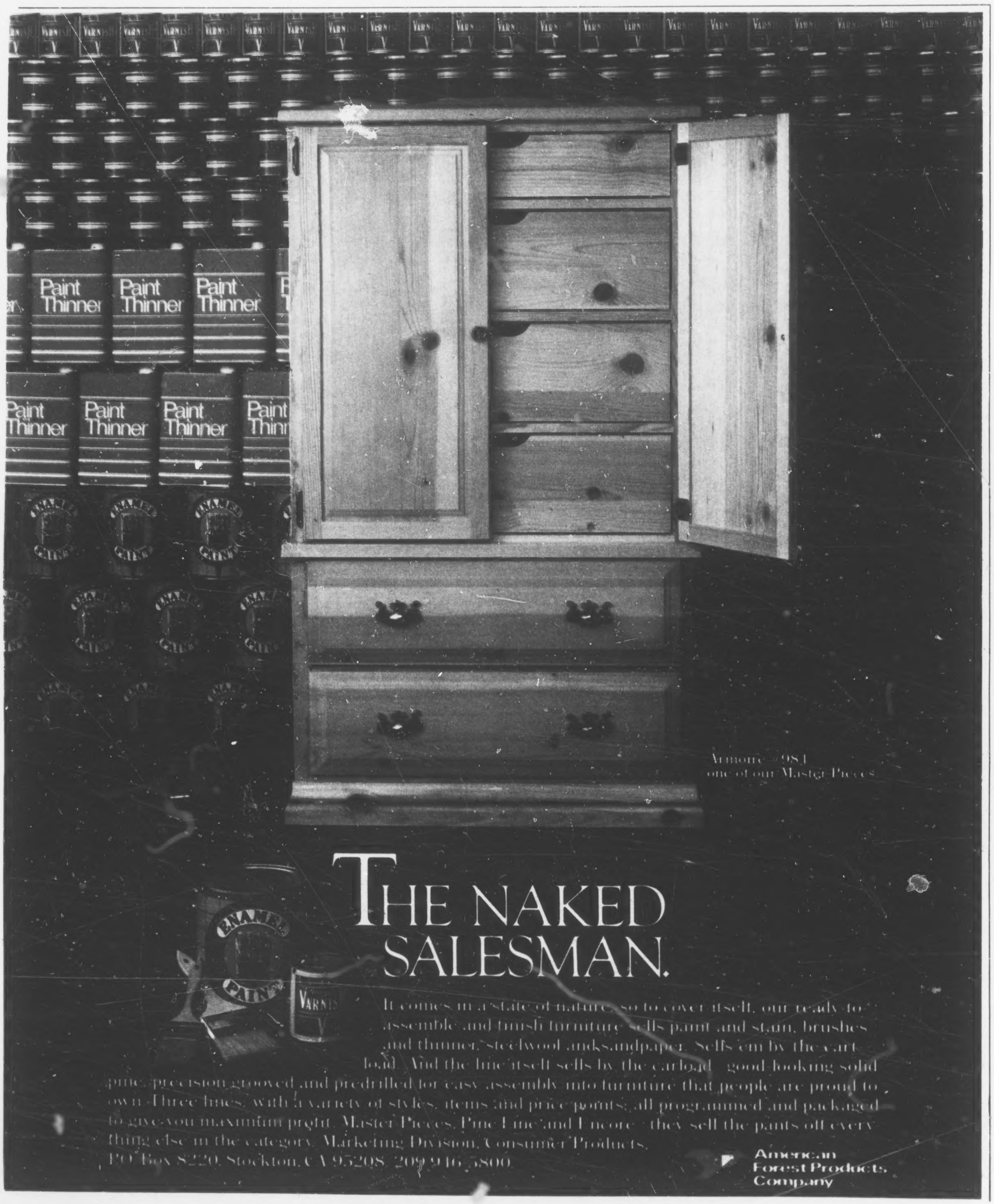
Retailer brand preference:

Garage door openers

Brand	% of retailers naming brand as among their best selling
Stanley	21.5%
Genie	20.3
Chamberline	11.4
Mor-O-Matic	3.1
Clopay	2.3

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Stanley, Genie and Chamberlin dominated the best-selling category. The remainder of manufacturers were mentioned by only a few per cent of the respondents.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American Forest Products Company

Door market wide open for brand cultivation

Top exterior replacement doors brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Stanley	25.4%	24.9%	26.7%	12.4%	25.5%	12.5%	20.1%
Pease	16.0	20.7	18.3	13.9	18.8	16.3	2.6
Peachtree	11.5	12.5	7.0	14.3	14.1	5.7	9.3
Simpson Timber	5.0	6.0	5.6	10.7	7.2	2.4	17.0
Therma-Tru	12.3	3.9	10.3	0.4	5.7	5.6	10.5
Steelcraft	5.8	6.2	6.6	4.8	4.2	6.6	0.2
Nord	1.4	6.6	8.5	0.3	4.8	1.6	3.9

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

More high volume companies named the Peachtree brand as among their best selling, but mid- and lower-volume operations preferred Stanley. Simpson Timber doors appeared popular at large home center outlets.

Dealers are lukewarm about the importance of brand names when selling exterior replacement doors, and only the rare retailer stocks more than one line in his stores.

The product category, according to dealer responses in this year's *NHCN* Brands Study, is viewed as neither a big customer traffic builder nor, despite its average price tag of around $150, one that generates a lot of margin.

However, 75% of all dealers carry exterior replacement doors and it appears, on the study's evidence, that the market remains wide open for suppliers to cultivate their brands with consumers.

The exterior doors made by Stanley Works' Door Systems division in Troy, Mich., were identified by the greatest percentage of dealers in the study—about 21%—as best selling, even though Stanley's coverage of the market is spotty in some areas. Less than 1% of Western dealers named the brand, and its penetration into higher volume, multiunit chains appeared to be less pronounced than with smaller companies.

Its strongest position in the market is with surveyed dealers located in nonmetro markets in the South, with small stores that are part of two-to-nine unit chains doing from $3 million to $10 million in sales annually.

As a best-selling brand, Stanley was followed by Pease Industries, the Fairfield, Ohio, company that actually markets its doors under the "Everstraight" brand name that was mentioned again in the study by a much smaller number of dealers.

About 1 in 7 dealers found the Pease door to be best-selling in their units, with the brand showing particular strength among North Central retailers, with smaller companies in nonmetro markets. However, less than 3% of the dealers whose units exceed 20,000 sq. ft. claimed this brand to be selling well in their stores, an indication perhaps that Pease might be finding it difficult to penetrate the larger home center operations.

Dealers ranked the exterior doors made by Peachtree Door in Norcross, Ga., third, with slightly more than 1 in 10 dealers alluding to this brand name. Peachtree's market coverage appeared to be consistent among all dealer and demographic lines, except that it showed a decided weakness in markets that are populated by more than one million people.

After Peachtree, dealer responses for the following brands drop appreciably, even as several well-known brands were mentioned. For instance, the Seattle-based Simpson Timber ranked fourth in the survey as a best-selling line, getting around 7% of total responses. However, its popularity rose considerably in the West, as nearly one-third of all dealers in that region named the brand. In addition, close to 1 in 5 retailers with stores exceeding 20,000 sq. ft. said Simpson's line sold well.

It bears noting that Simpson Timber makes only a wood exterior door but does not offer an insulated steel product, the only brand among the top six ranking names in the study not to distribute a steel product.

Manufacturers and dealers continue to debate the pros and cons of wood vs. steel, and an *NHCN* study published in May 1983 found that steel doors accounted for close to 60% of total door sales among the polls' respondents.

It should not be assumed, though, that the market for wood doors is waning, as several companies that make only wood door products—E. A.

(Continued on page 50)

Retailer brand preference:

Exterior replacement doors

Brand	% of retailers naming brand as among their best selling
Stanley Door/ Stanley Works	21.3%
Pease	14.9
Peachtree	10.9
Simpson Timber	7.1
Therma-Tru	6.3
Steelcraft/ Perma-Door	5.0
Nord	3.8
Morgan	2.8
Benchmark	2.7
T. M. Cobb	1.8
Nicolai	1.7
Bosh	1.4
Keller	1.2
Andersen	1.2
Everstraight	1.2
Ceco	1.0
Taylor	0.8

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

The appearance on the list of Keller and Andersen, brands of sliding glass and/or patio doors, reflects some dealer confusion over what brands of exterior doors they carry.

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THE 1984 NHCN BRANDS REPORT

High volume chains core of ceiling fan market

Less than a third of the nation's home centers carry ceiling fans, and high volume, large-unit home center chains are the most common carriers for them.

The ceiling fan market appears to be very fragmented, with a slew of different manufacturers mentioned as best sellers for home center retailers throughout the country, according to a survey recently compiled by Leo J. Shapiro for *National Home Center News*.

In addition, home centers show strong regional preferences for the ceiling fan category, with more Southern home centers carrying them than home centers elsewhere in the country. After the South, the Northeast is the most popular region for ceiling fans, according to the survey.

Vendor popularity is strongly regional as well. A manufacturer which is mentioned by a larger number of home center retailers in one region as a best seller often seems to not be mentioned at all by retailers in another, in the survey.

However, home center retailers see consumer brand identity as fairly important, even though the majority of home center retailers also feel there is little need to carry more than one brand.

More home center retailers in rural and smaller metro-markets seem to sell ceiling fans than home centers that serve highly urban areas with populations above a million people.

Also, store size seems to play a part in home centers carrying ceiling fans. Close to half the home centers with stores in the 10,000-sq.-ft. to 20,000-sq.-ft. range said they carry ceiling fans, in the survey. While a third of the 20,000-sq.-ft.-plus stores carry them, and only a quarter of home center retailers with stores under 10,000 sq. ft. sell ceiling fans.

Top ceiling fans brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Hunter	8.6%	9.4%	22.1%	—	7.7%	14.7%	2.8%
Emerson	6.2	5.2	6.6	4.6%	4.1	6.1	2.7
Moss	0.7	—	4.0	10.7	5.4	6.6	2.4

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Hunter lead the ceiling fan brand preference by company size and store size with, oddly enough, no mentions in the over $10 million category. Moss, third in the survey, seemed to dominate the larger home center companies.

Retailer brand preference:

Ceiling fans

Brand	% of retailers naming brand as among their best selling
Hunter	9.1%
Emerson	5.0
Moss	4.9
Nu-Tone	1.1
Fasco	0.7

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Retailers named Hunter as their best-selling ceiling fan more frequently than any other brand. Emerson and Moss were the only other manufacturers to capture significant responses in this category.

Overall, more home center retailers with large dollar volumes said they sell ceiling fans than home center merchants with smaller volumes.

For instance, almost two fifths of home centers with total sales above $10 million carry them, while just over one fifth of $1 million to $3 million volume companies said they sell ceiling fans.

Of the manufacturers mentioned as best sellers by home center retailers, Hunter, Moss and Emerson were the most frequently named.

Hunter was named by more home center retailers as a top seller than any other vendor, with 9% of the nation's home center retailers mentioning it.

Hunter was named by 10% of home centers in the North Central region; by 12% of the South's home centers, and by 12% of the West's. It was weakest in the Northeast, as were most brands except Emerson.

Location

Moss showed a similar pattern of home center retailers naming it as a best seller. Like Hunter, no home centers based in the Northeast mentioned it, but 6% of the North Central's; 4% of the South's, and 9% of the West's home center retailers named it as a top seller.

Emerson, on the other hand, was mentioned by 14% of retailers based in the Northeast, with no home centers in the West mentioning it at all as a good seller. Four per cent of the North Central's retailers mentioned it and 5% of the South's retailers named it as a best seller.

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Exterior doors

(Continued from page 49)

Nord, Nicolai and C. E. Morgan (which also distributes Pease's steel door line)—were still tapped as best-selling brands, albeit by a smaller cross section of the study's dealers.

Scanning the rest of the study, one finds much information that lends some insight into how successfully manufacturers of exterior doors have penetrated a given market.

Therma-Tru, the Sylvania, Ohio, company that at one time marketed its product under the name "Lake Shore," was the fifth-ranked brand in the study, and it appears to do well with midsize companies in medium-size markets. However, it had virtually no representation among those dealers surveyed whose stores do over $10 million per year.

The Perma-Door brand name made by the Steelcraft division of American Standard in Cincinnati was named by 5% of the total dealers polled as best-selling. But among dealers in the West, and those with 20,000-plus-sq.-ft. units and companies doing $10 million or better, the brand has yet to make its mark.

Dealers showed some confusion over what brands of exterior doors they were carrying in their units, as brands like Keller and Andersen were identified as best-selling, even though both are brands of sliding glass and/or patio doors.

In addition, the market has become more complicated by the impact of some distributors in certain regions whose names are as well-known as the products they carry. Wholesalers such as T. M. Cobb and Bilco were identified by a small percentage of dealers as best-selling brands in their stores.

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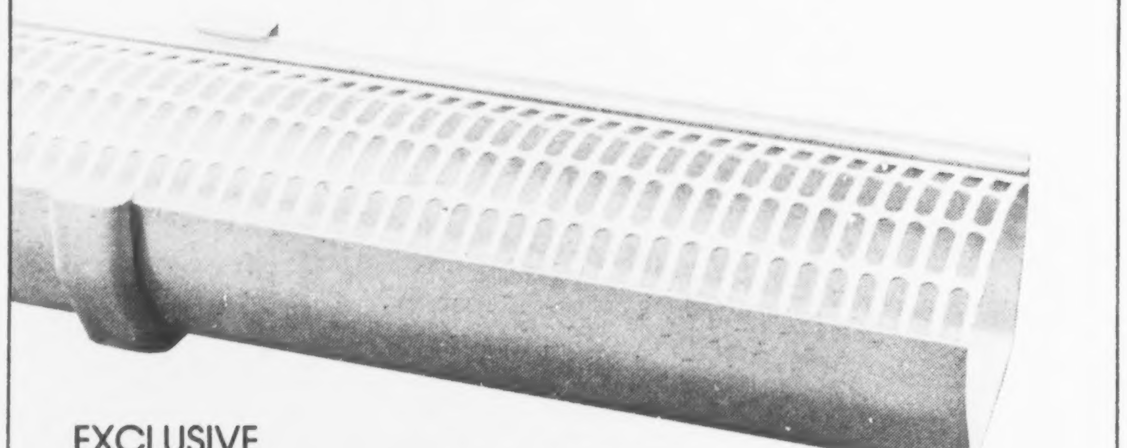
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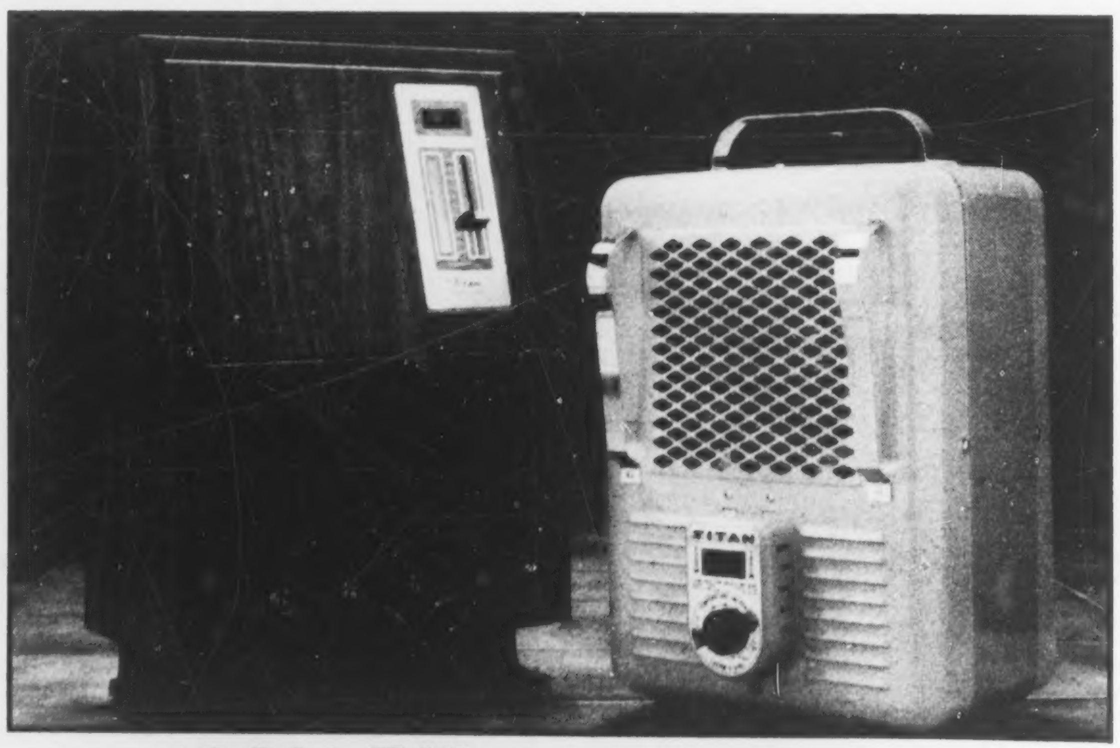

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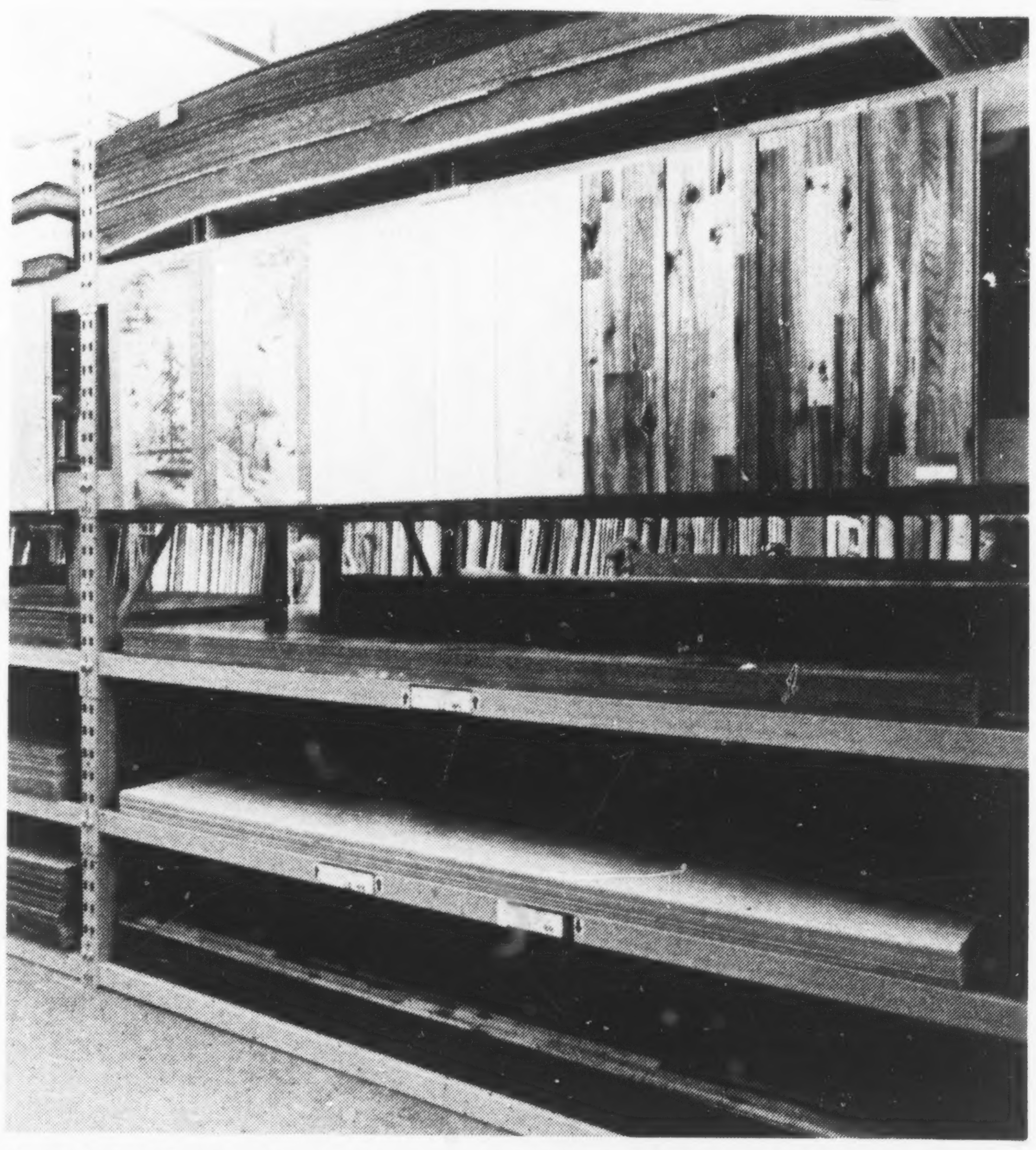
THE 1984 NHCN BRANDS REPORT

Paneling strategies focus on multiple brands



A variety of samples is shown above paneling stocked on horizontal shelving at Lindsley, St. Petersburg, Fla. NHCN photo

Top wall paneling brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Georgia-Pacific	40.2%	33.8%	36.8%	48.8%	43.0%	38.9%	27.5%
Champion Int'l	21.3	27.9	40.6	24.9	28.8	26.2	17.6
Abitibi	23.9	19.2	13.0	24.3	15.2	18.3	25.2
Weyerhaeuser	16.4	25.1	29.4	6.6	19.8	17.5	13.0

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Of the top four wall paneling mentions, Georgia-Pacific and Abitibi showed strongest in the less than $1 million and over $10 million categories. Champion and Weyerhaeuser showed best in the middle sales volume range.

Most of America's home center retailers carry wall paneling, although noticeably fewer home centers serving the Western States sell it.

There, just over half the home centers sell wall paneling compared to almost 80% in the country as a whole, according to a recent survey conducted by Leo J. Shapiro and Associates for *National Home Center News*.

Home center retailers also feel that, for more than any other product category listed in the survey, it is necessary to carry several different brands of wall paneling.

At the same time, home center retailers feel that consumers have a relatively low brand-consciousness for wall paneling, which is consistent with findings of *National Home Center News'* consumer attitude survey (July 16, 1984).

Although well over a dozen manufacturers and suppliers were named as best sellers in this product category, four vendors stand out.

Georgia-Pacific was mentioned by 2 out of 5 home center executives as a best seller, and Champion International was named by over 1 in 4 home center companies.

Almost 20% of America's home centers consider Abitibi and Weyerhaeuser paneling as best sellers. In addition, between 5% to 6% of hme center retailers name Plywood Panels, Masonite, States Industries and Ply Gem as best sellers.

Home centers serving predominantly nonmetro markets have the highest likelihood of carrying wall paneling.

Eighty-four per cent of rural home centers carry wall paneling, while only two-thirds of home centers serving large, one million-people-plus metro-markets sell it.

Despite wall paneling's bulkiness, more smaller-sized stores carry it than larger-sized units.

Only two-thirds of home centers with stores over 20,000 sq. ft. carry wall paneling, while more than 4 in 5 stores below 20,000 sq. ft. carry it.

In addition, there seems to be a correlation between the number of home centers carrying wall paneling and the chain's dollar volume.

Almost 9 out of 10 retailers with volumes in the $3 million to $10 million range carry wall paneling, while only three-quarters of home centers with volumes below $1 million sell it.

However, chain size does not seem to influence home centers' likelihood of selling wall paneling. An almost equal percentage of large-, medium- and small-sized home center chains carry it.

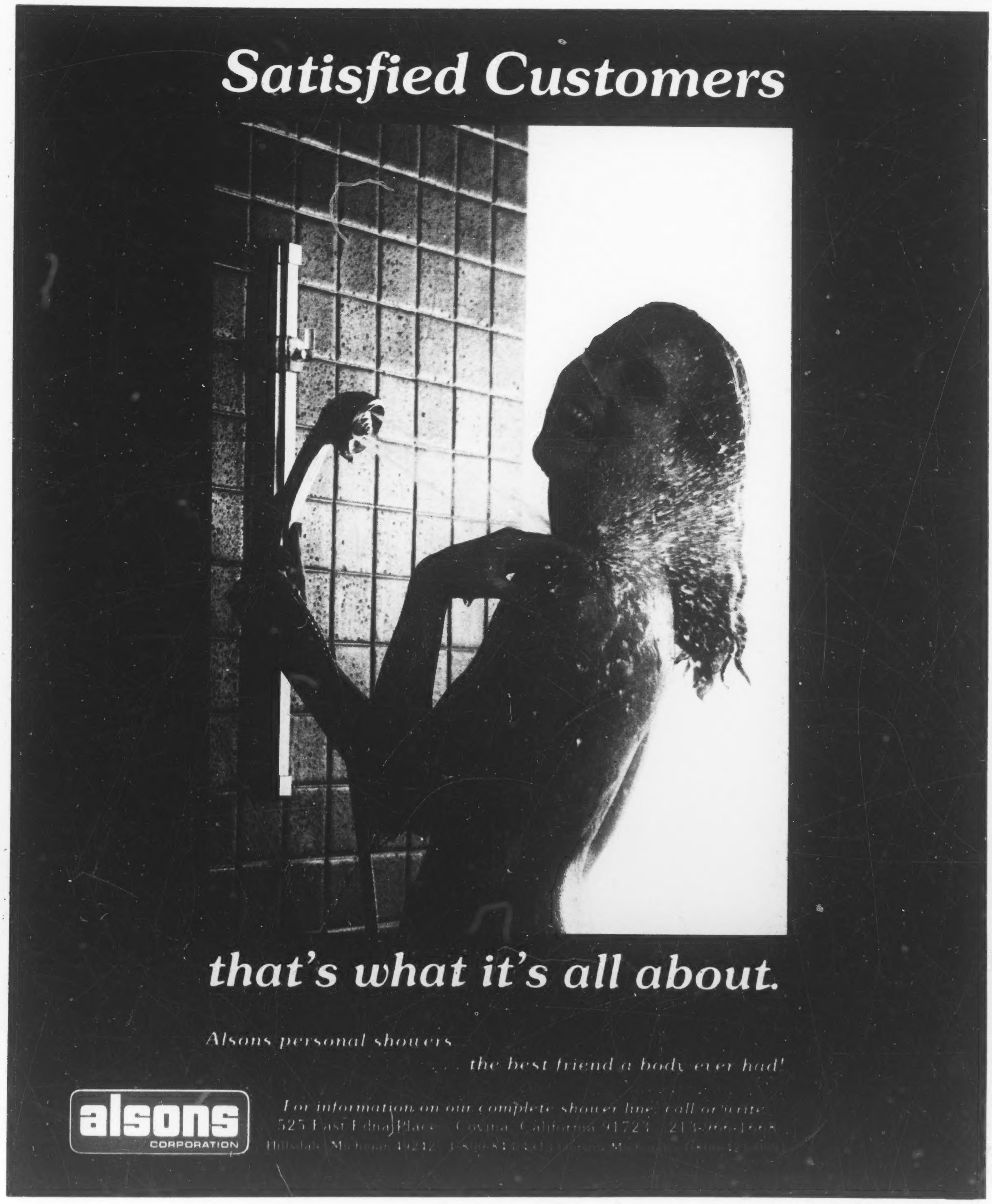
Retailer brand preference:

Wall paneling

Brand	% of retailers naming brand as among their best selling
Georgia-Pacific	38.9%
Champion Int'l	26.3
Abitibi	18.5
Weyerhaeuser	18.5
Plywood Panels	5.6
Masonite	5.2
States Industries	5.1
Ply Gem	4.8
Rose-Burg	3.2
Pluswood	2.8
Pacific Wood Products	2.4

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Home center retailers feel that, for more than any other product category listed in the survey, it is necessary to carry several brands of wall paneling. In light of this, it is not surprising to find four companies dominating the best-selling responses.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THE 1984 NHCN BRANDS REPORT

Aggressive marketing powers faucet success

Top faucet brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Peerless	15.9%	19.8%	22.7%	65.7%	34.9%	35.1%	42.8%
Delta	43.6	31.9	31.6	7.5	29.2	29.5	15.8
Sterling	13.4	8.6	4.7	2.6	5.6	4.9	13.5
American Standard	16.3	2.7	1.1	11.0	3.5	5.2	18.0

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Peerless and Delta, both manufactured by Masco, showed nearly total domination in brand preference by company and store size. The next two mentions, Sterling and American Standard, rated best among companies with less than $1 million in sales volume.

Two brands manufactured by the same company dominate a retail faucet market in which brand importance is rated high among dealers, who nonetheless do not feel it is necessary to carry a widely diversified assortment of faucet brands in their store.

Peerless Faucet and Delta, the two brands manufactured by divisions of Masco Corp. in Indianapolis, together were named by more than 3 out of every 5 dealers identifying the best-selling faucet brands in their stores for this year's *NHCN* Brands Study, compiled by Leo J. Shapiro and Associates, Chicago.

No other brands— including such well known ones as Sterling, Moen, American Standard, Price-Pfister, Kohler and U.S. Brass' Aqua-Line—were named as best sellers by more than 7% of the participating dealers, although it should be noted that the study is not an assessment of any one brand's market share throughout the industry.

As shown by data in the survey, Masco's marketing of Peerless and Delta is toward two, distinct retail groups. For instance, 40% of dealers in the Northeast named Delta as best selling, whereas Peerless' market penetration was strong in all but the eastern part of the country.

More than 2 of every 5 dealers whose stores do less than $1 million in annual sales identified Delta as a best-selling brand, whereas a phenomenal 66% of those retailers whose companies produce more than $10 million in sales named Peerless, clearly indicative that the big volume home centers are where that company wants its products merchandised.

This dichotomy continues throughout the report, with Delta being named as a best-seller by smaller companies, and Peerless by larger chains in more competitive markets. More than 2 in every 5 dealers with stores of 20,000 sq. ft. or more listed Peerless as a strong faucet name.

The distinctions separating Peerless and Delta are mostly a function of the way each is distributed. Delta, for the most part, is still sold to dealers on a two-step basis, while the Peerless line can be purchased directly, an option most larger chains with buying clout seek from a supplier.

The popularity of both brands in all retail segments also reflects the amount of money Masco spends each year promoting the products, especially its estimated $4 million for television ads. This serves to heighten consumer awareness of the names, which has the effect of making it more necessary for dealers to carry the items in order to satisfy their consumers' needs.

Dealers treat the faucet category quite differently from the way they would, say, paint or tools, in that switching lines of faucets is less frequently done, and the products are less prone to be used as loss leaders to generate store traffic, according to dealer response to the study.

Faucets, as part of the entire plumbing department, tend to be bought from a few supplier sources by dealers. As the study notes, less than 10% of all dealers polled said they have added new national brands to their plumbing departments over the past year, a finding that appears to extend into the subcategory of faucets on the evidence of Peerless' and Delta's market dominance.

This is not to say that other brand names are having difficulty capturing a larger share of the faucet market; on the contrary, several manufacturers—most notably Kohler and American Standard—have had considerable success getting their products into retail outlets that, two or three years ago, did not stock their lines.

Retailer brand preference:

Faucets

Brand	% of retailers naming brand as among their best selling
Peerless	34.8%
Delta	26.8
Sterling	6.9
American Standard	6.3
Moen	5.4
Price Pfister	4.5
Kohler	3.2
Master Plumber	2.6
Union Brand	1.3
Aqua-Line	1.2

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

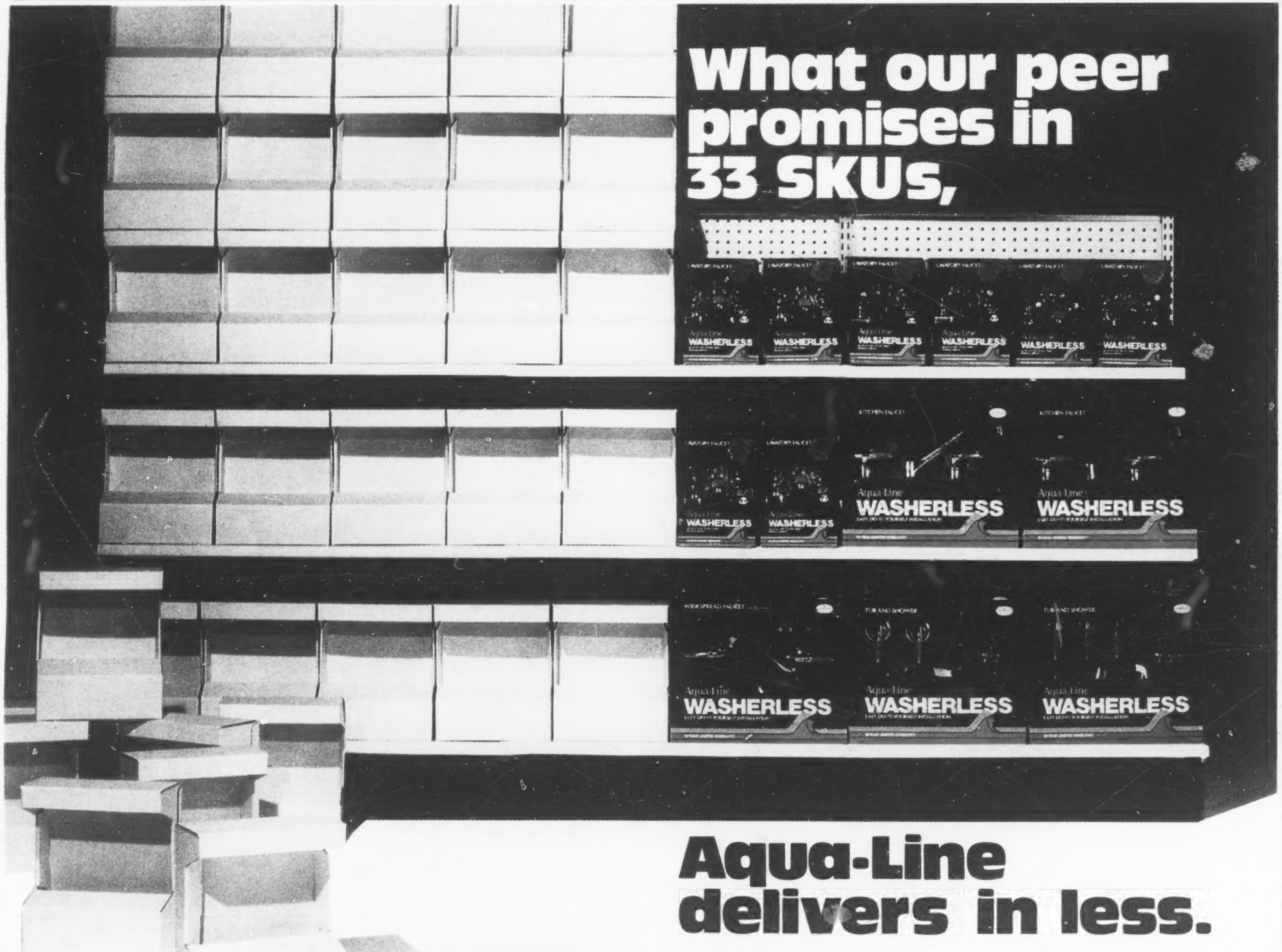
A variety of companies split the lower end of the best-selling category, which Peerless and Delta lead with the lion's share of responses.

However, the study's findings do portray a retail faucet market in which "secondary" suppliers—i.e., those that were named less frequently than either Peerless or Delta—are faced with the challenge of overcoming the high-profile image each of these brand names has in both the dealer's and consumer's mind.

Dealer responses to the study in the faucet category do reveal several interesting details about where other brands besides the two leaders are being merchandised. For example, Sterling Faucet (the lower-priced line Kohler Co. acquired this spring and sells direct to dealers) ranked third among those brand names mentioned as best-selling, and the product showed market strength in the South and West, and among those dealers with stores 20,000 sq. ft. or larger.

American Standard's faucet line also does well in these two

(Continued on page 56)



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THE 1984 NHCN BRANDS REPORT

Fastener market split by regional preferences

The home center market for fasteners is a fragmented one with 30% of all United States home centers not selling fasteners at all. No one brand has national dominance. In fact, together the five leading brands only penetrated 40% of all home centers.

These are all findings from a new *National Home Center News* study of brand penetration in United States home centers, which was produced by Leo J. Shapiro and Associates, Chicago.

National fasteners was mentioned by more home centers than any other single brand but it was still named by only 10.6% of all home centers responding. It was followed in rank by a cluster of three brands. Bostik ranked second in importance being mentioned by 8.4% followed by VSI with 7.5% and the Arrow Fastener Co. with 7.3%.

In fact very little separated the 10 leading name brands which together were mentioned by 3 out of 4 home centers selling fasteners in the United States. However, there was a marked difference in brand penetration within the different regions of the United States.

The South appeared to be the area with least brand penetration and over a quarter of home centers responding did not carry fasteners. Altogether over 15 different fasteners were mentioned as among the best-selling brands in the South, led by Arrow fastener, which was mentioned by 9.7% of all the home centers in the South.

By contrast the Northeast was the most important region for brand penetration. Over 78% of all home centers in the Northeast sold fasteners compared with a national average of just under 70%. The market was dominated by three leading brands: National, Bostik, and the Arrow Fastener Co. Together these three brands were mentioned by three-quarters of the home centers selling fasteners in the Northeast.

Retailers in the Northeast placed far greater emphasis on the number of brands carried than the rest of the country. They said they needed to offer up to six different brands of fasteners, whereas retailers in the rest of the United States found two name brands to be sufficient.

VSI dominated the western home center market and was mentioned by 22.5% of all home centers in this region. Its greatest competitor was Stanley Works, which was mentioned by 11.3% of retailers selling fasteners.

The North Central region was another area where a significant group of home centers, 17.8%, did not sell fasteners. Although National and Bostik were each mentioned by 10% of the regions' retailers they were closely rivaled by VSI, Rockford Products, Handi-Man fasteners, Star Expansion and Arrow.

Different name brands were important in different sectors of the home center industry emphasizing the fragmented nature of the market. National fasteners were more popular with home centers in large metropolitan areas with an annual volume of between $1 million and $3 million, whereas Bostik was strong in home center companies with over 10 units generating sales of over $10 million. VSI was seen to be a strong competitor to Bostik in this same market.

Top fastener brand preferences by company size & store size

Brand	Company sales volume				Sq. ft. area in stores		
	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
National	5.7%	19.4%	8.8%	5.3%	8.8%	14.1%	6.7%
Bostik	8.3	9.1	2.3	16.0	10.8	7.6	1.7
VSI	7.3	0.3	5.6	18.6	5.6	8.3	13.8
Arrow	16.7	9.8	3.3	4.8	7.6	8.2	3.5
Stanley Works	5.7	2.1	3.3	—	2.1	11.1	5.3
Star Expansion	1.5	5.4	10.8	—	6.1	1.6	2.7

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Most brands of fasteners mentioned in the preference by company and store size category showed isolated strengths rather than the across-the-board domination seen by brands in other product categories.

Retailer brand preference:

Fasteners

Brand	% of retailers naming brand as among their best selling
National	10.6%
Bostik	8.4
VSI	7.5
Arrow	7.3
Stanley Works	5.6
Star Expansion	3.9
Rockford	3.5
Handi-Man	2.4
Reed & Prince	2.1
Duralast	1.8
Keystone	1.7
Midwest	1.6
Sharon Bolt & Screw	1.5

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

The fragmentation of the home center fastener market is reflected in no single company gaining a large percentage of best-selling mentions.

Faucets

(Continued from page 54)

geographic regions, and appears to be a brand that larger companies are turning to: the greatest percentage of dealers naming American Standard as best-selling run 20,000-plus-sq.-ft. stores that are part of a chain of 10 stores or more located in markets with more than one million residents. This brand also seems to do well with dealers doing less than $1 million in sales.

Lastly, it should be noted that almost a quarter of the study's participating dealers, and more than a third of those with companies doing between $3 million and $10 million annually, claimed not to be stocking *any* faucets.

That such a large segment of the industry—at least among those who answered the survey—doesn't carry the product category should signal to manufacturers that, despite the heady sales dealers report they get from Peerless and Delta brands, there is obviously still room for aggressive suppliers to capture additional market share, especially from those retail chains that can promise high sales volume.

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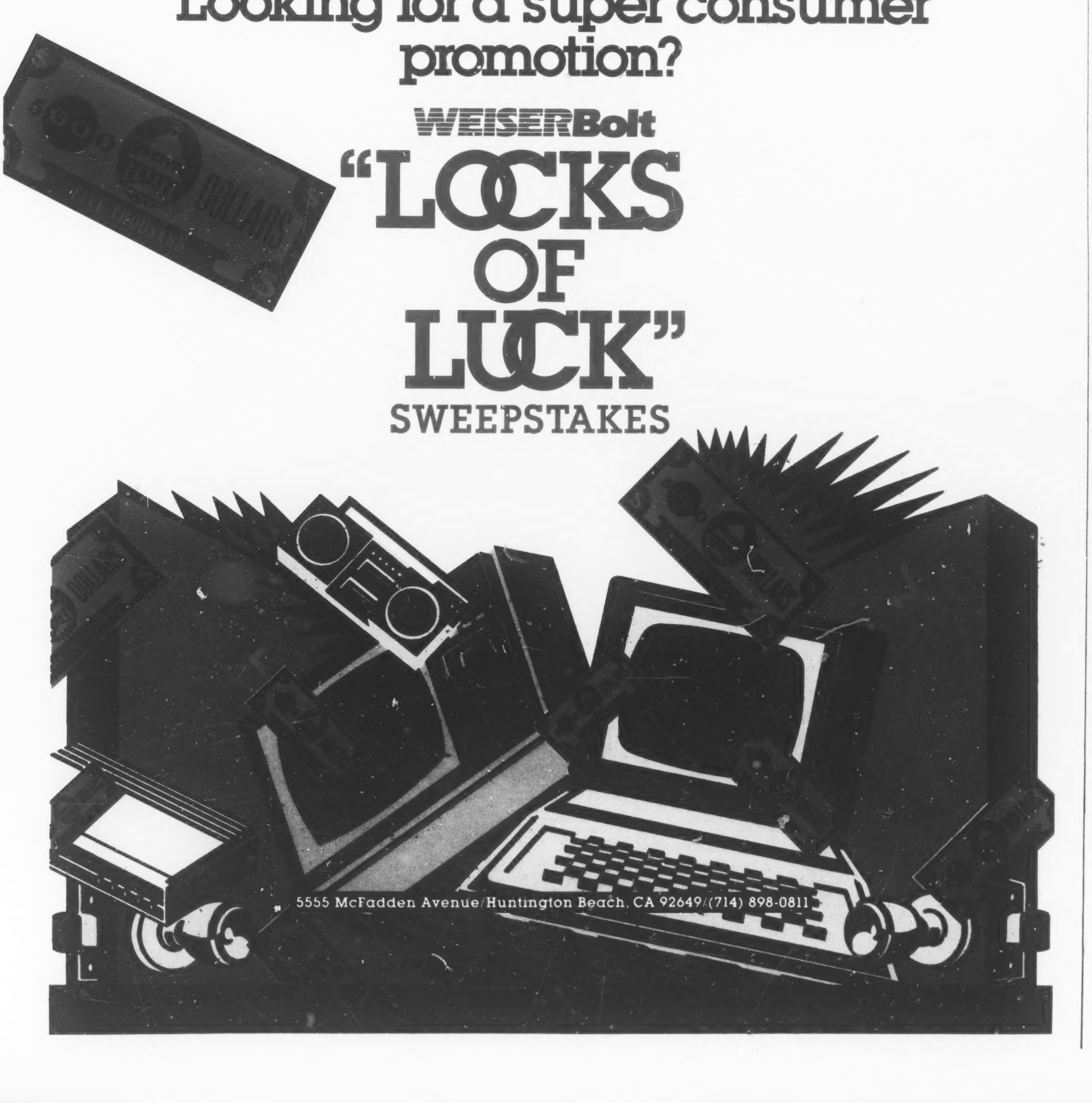
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Lockset brand names vital to draw shoppers

Top lockset brand preferences by company size & store size

	Company sales volume				Sq. ft. area in stores		
Brand	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Kwikset	59.6%	44.9%	62.8%	53.5%	55.1%	58.7%	48.9%
Weiser	38.6	34.8	39.2	41.9	48.6	21.7	19.6
Schlage	13.5	16.4	17.7	12.7	12.0	17.3	25.8
Dexter	7.6	11.3	5.3	9.8	9.5	10.8	13.8
Harloc	1.4	6.2	5.3	9.3	4.8	4.2	8.2

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Top lockset brand preference by company and store size was clearly dominated by Kwikset, which gained the most mentions in every category. The other companies mentioned followed the same trend of dominating the overall ranking they received.

Home center operators perceive locksets as a particularly vital element of their merchandising strategies, according to the results of a recent survey conducted for *National Home Center News.*

Better than 9 out of 10 home center firms keep locksets on their shelves.

The survey, conducted by Leo J. Shapiro Associates, Chicago, revealed that Kwikset was perceived by a majority of respondents nearly 3 out of 5—as a best-selling brand in their stores.

About 1 out of 3 respondents identified Weiser as a best-selling brand, putting it in second place. For Schlage, about half that number—or some 17%—said it was a best seller on their shelves.

One out of 10 home centers named Dexter as a best seller, while 1 out of 20 said the same about Harloc.

The remainder of the category appeared somewhat fragmented. Fewer than 4% of respondents named one of a number of other brands as best sellers. These vendors included Weslock, National, Moss and others.

The penetration of lockset vendors varied substantially by region. Kwikset and Schlage made strong showings as best-selling brands in the Northeast and West. In the North Central states, on the other hand, Weiser made a stronger showing and edged out Kwikset in terms of mentions as best selling by home centers. And, Dexter made its strongest showing in that region.

Weslock clearly has carved out a niche for itself at many Western stores, as 13% of respondents in that region named it as a best-selling brand on their shelves. On the other hand, responses were slimmer for that brand in other parts of the country.

Size of stores in terms of sales area, and size of chain in terms of number of units, had a bearing on the brands specified, in some cases.

Schlage was named as a best-selling brand by nearly 1 out of 4 single store operators, but by only 1 of 10 chains having over 10 units.

Nearly half the companies with stores of under 10,000 sq. ft. named Weiser as a best seller, whilke only 1 of 5 chains with stores over 20,000 sq. ft. did the same.

Home center operators have, in the past, stated that lockset brand name is an important attraction for consumers. Not only do some brands convey an image of durability and strength to consumers, but do-it-yourselfers seem to feel that when they replace locksets, new hardware with the same vendor name will better fit the holes which are already drilled in their doors (*NHCN*, July 2).

The survey showed that, on a scale of 1 to 9, home centers ranked locksets at 5.3 in terms of brand importance to their shoppers, a level that was fifth highest in a field of 19 product categories.

Consumers

Consumers themselves rated lockset brand importance at about the same level in another *NHCN* survey earlier this year.

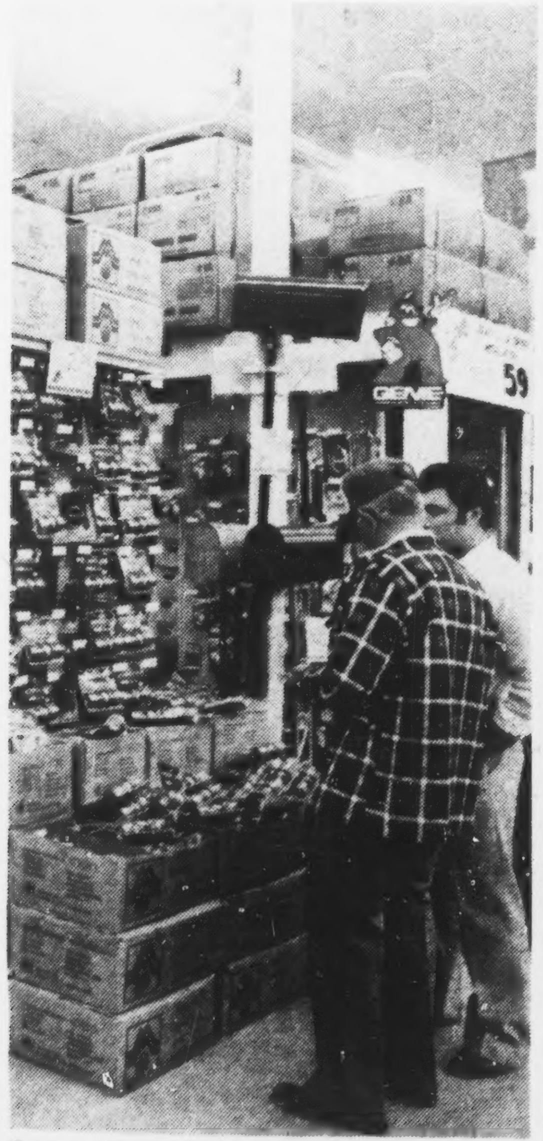
While home center operators have added new lockset vendors to their store shelves in the past year to better insure "in stock" positions, they also feel, the report showed, that more than two brands would not ordinarily be necessary to serve customers well. With all their responses totaled together, the respondents said an average of 1.7 brands were necessary to meet customer needs, a figure that was significantly lower than other product categories.

Retailer brand preference:
Locksets

Brand	% of retailers naming brand as among their best selling
Kwikset	55.6%
Weiser	34.6
Schlage	16.5
Dexter	10.3
Harloc	5.1
Weslock	3.5
National Lock	2.1
Yale	1.7
Moss	1.3
S. Parker	1.2
Master Lock	1.0

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

A few companies tended to dominate the best-selling responses for locksets with the remainder somewhat fragmented. Fewer than 4% of respondents named one of a number of other brands as best sellers.



An endcap display of locksets at Home Depot, Orlando, Fla.

NHCN photo

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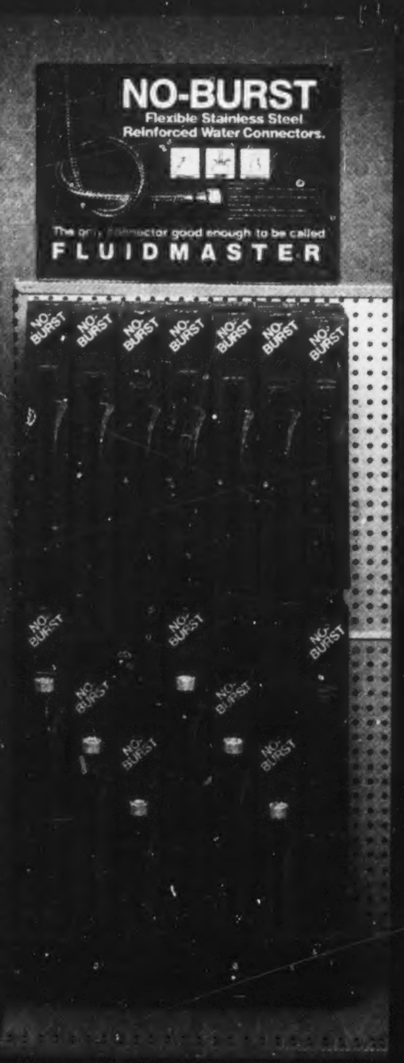


THE 1984 NHCN BRANDS REPORT

Plumbing fixture market lacks brand leadership

No single brand of plumbing fixture appears ready to assume market leadership, as home center dealers see brands as relatively insignificant to their marketing of such items as toilets, tubs, sinks and showers.

Of the 19 product groups evaluated in this year's *NHCN* Brands Study, plumbing fixtures, on the basis of dealer responses, ranked 16th in brand importance to consumer buying decisions. And of the 25 plumbing fixture brands deemed "best selling," none could muster better than 9% of the total dealer responses.

It was not too long ago that most retailers stocked plumbing fixtures on a special order basis exclusively, buying mostly through wholesalers and plumbing specialty houses, and avoiding the high inventory costs inherent in carrying these products on a regular basis.

However, in recent years, more home centers—particularly those with larger selling floors—have increased their square footage allocation to plumbing products by as much as 15% to 20%, in an effort to capitalize on the dramatic increase in DIY bath and kitchen remodeling activity.

If anything, this year's study reveals just how new the product category is for many dealers. Nearly 40% of the survey's respondents claim not to be carrying plumbing fixtures at all. Probably those that are, in some measure, are getting into the category for the first time by experimenting with direct shipment and testing a variety of brands and vendors to see which offers the more profitable program.

Although identified by less than one-tenth of the dealers asked about which brands were best-sellers in their stores, plumbing fixtures manufactured by Kohler Co., Kohler, Wis., ranked No. 1 in the study.

Top plumbing fixtures brand preferences by company size & store size

Brand	Company sales volume				Sq. ft. area in stores		
	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
Kohler	5.1%	17.0%	8.8%	6.1%	8.6%	8.6%	10.4%
American Standard	4.3	9.2	12.9	4.6	8.9	3.4	10.7
Briggs	2.9	1.0	7.8	9.6	2.8	12.3	0.5
Artesian	1.4	2.1	4.1	9.6	7.8	1.5	1.7

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

The results of top plumbing fixtures brand preference by company and store size were close, with companies like Kohler and American Standard showing strengths in different market segments.

Its competitors continue to assert that it is just a matter of time before Kohler drops its policy of selling to retailers only through distributors. Yet, Kohler appears to have had remarkable success in getting its merchandise into major home centers around the country, especially in Chicago.

The company has also made a conscious effort over the past few years to solicit more retail business through its consumer products division.

A composite look at the kind of dealer carrying Kohler's fixture line, based on percentage responses about its best-selling qualities, shows that Kohler has strengths with retailers in the West; with those running chains doing $1 million to $3 million in sales annually; with two to nine-unit chains, and with dealers whose stores exceed 20,000 sq. ft.

American Standard, the Piscataway, N.J., manufacturer, ranked second behind Kohler in total mentions as a best-selling brand, something its officials hope to change with the company's new DIY fixture program, which began shipment of 17 different products and 160 stock keeping units on Sept. 1.

The program, which was introduced at the National Hardware Show in August, offers these products on a direct ship basis, and is obviously designed to attract larger dealers to its products, something the supplier has been successful doing with its DIY faucets.

Retailer brand preference:

Plumbing fixtures

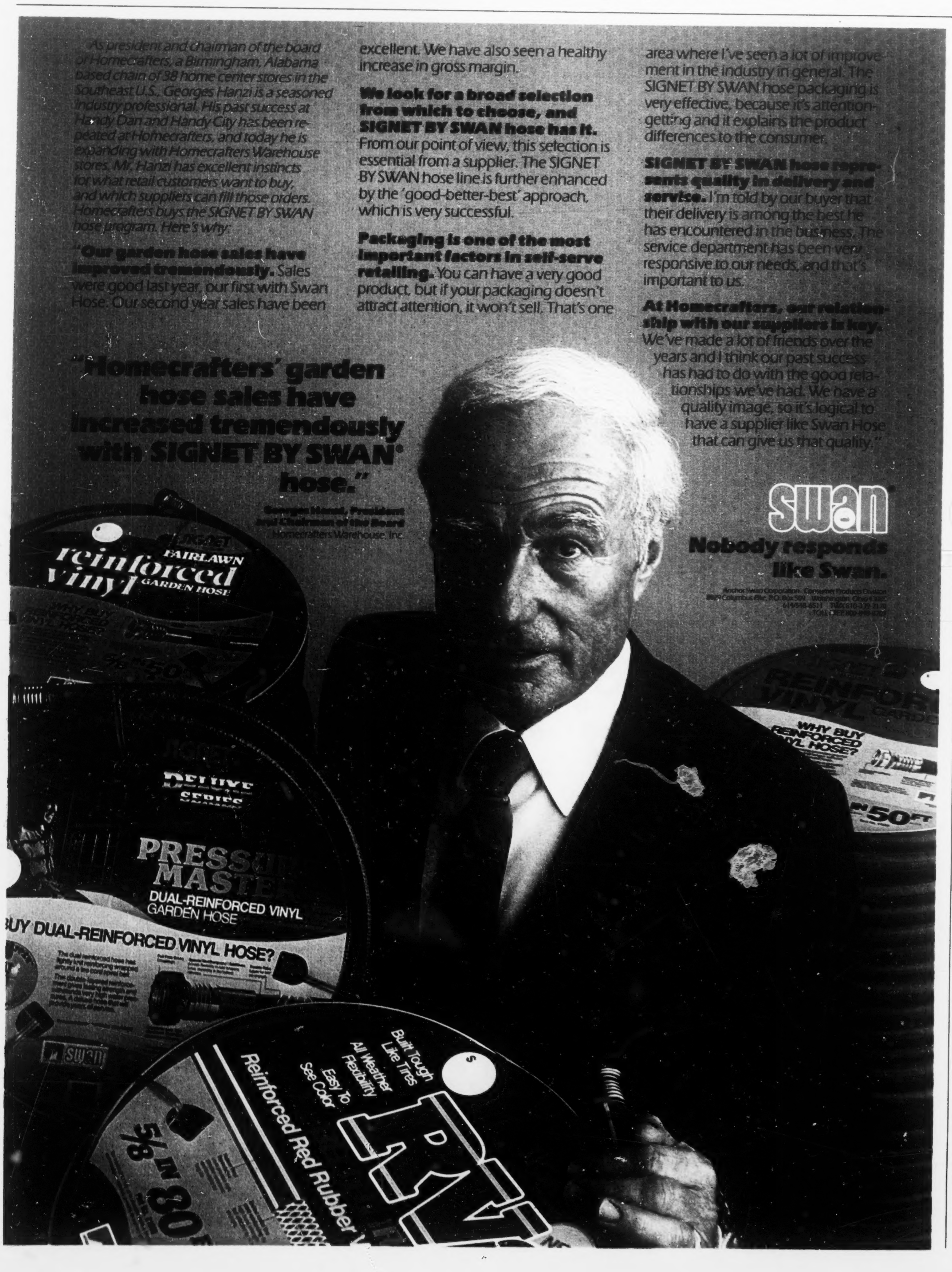
Brand	% of retailers naming brand as among their best selling
Kohler	9.0%
American-Standard	7.3
Briggs	5.5
Artesian	4.5
Delta	2.9
Carefree	2.9
Plumb Shop	2.4
Norris/NI Ind.	1.9
Gerber	1.9
Stanley Works	1.4
Plaskolite	1.3
Sterling	1.0

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

The lack of brand leadership in the plumbing fixtures market resulted in numerous companies gaining a close percentage of best-selling responses, with no single company exceeding 9%.

However, with only minor variations, it appears that American Standard and Kohler are going after the same kind of dealer—i.e., the larger, higher-volume home center chain—at a time when the dealers are not interested in carrying multiple lines. In the plumbing category overall, fewer than 10% of all dealers in the study said they added new national brands to their product mix last year. And even while these percentages increase somewhat among dealers running larger chains with bigger stores, there still appears to be a marked tendency among dealers to only go with one fixture line.

(Continued on page 64)



As president and chairman of the board of Homecrafters, a Birmingham, Alabama based chain of 38 home center stores in the Southeast U.S., Georges Hanzi is a seasoned industry professional. His past success at Handy Dan and Handy City has been repeated at Homecrafters, and today he is expanding with Homecrafters Warehouse stores. Mr. Hanzi has excellent instincts for what retail customers want to buy, and which suppliers can fill those orders. Homecrafters buys the SIGNET BY SWAN hose program. Here's why:

"**Our garden hose sales have improved tremendously.** Sales were good last year, our first with Swan Hose. Our second year sales have been excellent. We have also seen a healthy increase in gross margin.

We look for a broad selection from which to choose, and SIGNET BY SWAN hose has it. From our point of view, this selection is essential from a supplier. The SIGNET BY SWAN hose line is further enhanced by the 'good-better-best' approach, which is very successful.

Packaging is one of the most important factors in self-serve retailing. You can have a very good product, but if your packaging doesn't attract attention, it won't sell. That's one area where I've seen a lot of improvement in the industry in general. The SIGNET BY SWAN hose packaging is very effective, because it's attention-getting and it explains the product differences to the consumer.

SIGNET BY SWAN hose represents quality in delivery and service. I'm told by our buyer that their delivery is among the best he has encountered in the business. The service department has been very responsive to our needs, and that's important to us.

At Homecrafters, our relationship with our suppliers is key. We've made a lot of friends over the years and I think our past success has had to do with the good relationships we've had. We have a quality image, so it's logical to have a supplier like Swan Hose that can give us that quality."

"Homecrafters' garden hose sales have increased tremendously with SIGNET BY SWAN® hose."

Georges Hanzi, President and Chairman of the Board
Homecrafters Warehouse, Inc.

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THE 1984 NHCN BRANDS REPORT

Plumbing fixture market lacks brand leadership

A variety of plumbing fixtures on display at Lumbermen's, Olympia, Wash.

NHCN photo

(Continued from page 62)

This means that the competition among all brands of plumbing fixtures, and particularly Kohler and American Standard, could heat up considerably, which would be a boon to both dealers and their customers in terms of pricing.

But competition won't come from these two companies alone, as dealers named several other prominent suppliers in the study as among the best-selling in their stores. For instance, Briggs Co., the plumbing fixture division of the Jim Walters group in Tampa, Fla., ranked third on the list with its low-end line of toilets and tubs. Interestingly, though, this brand got no response from dealers in the Northeast or among those in metro markets of one million people or more, even though it showed its greatest strength among dealers with stores in the 10,000-20,000-sq.-ft. range and companies doing $10 million or more in sales.

Artesian's line of fixtures has been cropping up in several of the larger warehouse stores (most prominently, Grossman's Warehouse on the West Coast), and, according to the study, dealers with high-volume companies identified the Artesian line as best-selling more than any other retailer group carrying the Mansfield, Ohio, company's products. The Artesian line was also a best seller among dealers in the North Central states and those with stores of under 10,000 sq. ft. in nonmetro markets.

Ranking fifth as a best-selling brand was Delta Industries, a company better known for its faucet line that makes plastic toilets and tubs. This brand is relatively popular among Western retailers, but appears to have virtually no penetration with larger, multiunit companies.

That Delta was identified at all, points to some of the confusion dealers expressed about the fixture category in general. Several faucet and fittings suppliers' brands—including Plumb Shop, Stanley, Sterling Faucet, Gerber, Peerless—were identified by dealers as best-selling *fixture* names. The survey question asked dealers to name their best-selling brands in "plumbing fixtures other than faucets."

This becomes all the more confusing with a brand like Carefree Bath Products out of New Castle, Pa., which has a fixture and faucet program similar to those offered by Kohler and American Standard. Ranking sixth overall as a best seller, Carefree's product line has made major inroads into the DIY home center market over the past few years (in particular, with Lowe's 240 stores).

It would appear that dealers, both in the study and throughout the industry, don't care much about the distinctions between faucets and fixtures because they are selling them as one category in their stores. Consequently, it would seem incumbent upon fixture manufacturers to better establish their faucet brand as a best seller as a way to get dealers to take on a more elaborate, and more costly, fixture program.

Those brands that have already become well-known as best-selling faucets seem to have a head start with dealers looking to stock plumbing fixtures in their stores.

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Retailers stock many caulking/sealant brands

Top caulking or sealant brand preferences by company size & store size

Brand	Company sales volume				Sq. ft. area in stores		
	Less than $1 mil.	$1-$3 mil.	$3-$10 mil.	Over $10 mil.	Under 10,000	10-20,000	Over 20,000
DAP/DOW	47.6%	36.3%	38.9%	24.4%	34.0%	36.9%	40.1%
Macklanburg-Duncan	8.4	10.7	20.9	26.5	19.8	17.1	17.1
G.E.	14.5	20.3	9.1	12.5	12.2	11.5	20.1
Macco	1.4	2.1	0.6	11.4	3.9	12.1	2.0
Franklin	1.5	14.3	3.3	5.7	6.5	6.2	1.6
Red Devil	3.6	2.6	4.1	0.5	5.9	4.7	0.8
Geocel	2.8	3.4	6.2	6.0	6.4	2.4	2.7
Gibson-Homans	—	3.1	6.4	4.6	5.5	1.7	—

Numbers are % of retailers surveyed in each category who chose the specific brand

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

Smaller volume companies overwhelming preferred DAP and G.E. brand caulking or sealants, while larger volume operations opted for Macklanburg-Duncan.

Three vendors have dominated the field of caulking and sealants in terms of "best-selling brands" on home center shelves, even though the market is served by a large number of manufacturers.

When asked what their best-selling name brands were in the caulking and sealant lines, 2 out of 3 home center operators named either DAP/Dow Corning, Macklanburg-Duncan (MD), or General Electric (G.E.).

The retailers were responding to a survey recently conducted by Leo J. Shapiro and Associates, on behalf of *National Home Center News*.

DAP captured twice as many responses as its nearest competitor, MD, in the survey. One out of every 3 home centers mentioned DAP, while MD was mentioned by 18%, and G.E. by 14%.

Fewer than 7% of respondents mentioned Macco, and fewer than 6% mentioned Franklin, as best-selling caulking brands, levels of response only half that given to G.E. And fewer than one in 20 mentioned 1 of 3 other brands: Red Devil, Geocel or Gibson-Homans.

Despite the dominance of a few brands in the industry, home center operators did not seem to feel that brand name was particularly important to consumers. On a scale of 1 to 9, home center judgments averaged out to 4.6, in terms of brand importance, which placed the product 11th in a list of 19 categories.

Home center retailers did seem to feel that multiple brands were necessary on their shelves to meet consumer needs. They stated that an average of 2.6 brands were necessary for this purpose, a level that was higher than any other category surveyed, except for wall paneling with its average of 2.8 brands.

Home centers are apparently satisfied with the number of brands they currently have on their shelves, since few of them increased the number this year.

In many cases, the popularities of various brands vary substantially by region. While nearly half the home centers in the South mentioned DAP as a best-selling brand, the reaction declined to 42% in the West, and to about 1 out of 3 in the North Central states and less than 1 out of 4 in the Northeast.

MD also showed its greatest strength among southern and western home centers. In both areas a little fewer than 1 out of 4 respondents said it was one of their best-selling brands. On the other hand, fewer than 1 out of 5 respondents in North Central states named the brand, and fewer than 4% of respondents in the Northeast did so.

About 1 out of 4 home centers in the Northeast and South mentioned G.E. as a best-selling brand, while less than 10% in the North Central states and the West did so.

Both Macco and Franklin found their strongest support in the North Central states; Red Devil and Geocel felt their greatest strengths in the Northeast; Gibson-Homans attracted few responses outside the West, where less than 1 of 10 respondents said it was a best seller for them.

Brand popularity also varied by size of company, in terms of sales volume.

The larger the company, the less often DAP was mentioned, although it remained strong in those home centers but faced increased competition from MD and Macco. Nearly half of home centers doing under $1 million annually mentioned DAP as a best-selling brand, while fewer than 1 out of 10 mentioned MD and fewer than 1 out of 5 mentioned G.E. Very few mentioned Macco.

For home center companies doing over $10 million, respondents mentioned DAP had dropped to a level of 1 out of 4. Those mentioned MD had risen to about that same level, while those saying Macco was a best seller had risen to a level of more than 1 out of 10.

Franklin found greatest favor at home centers doing between $1 million and $3 million, over 14% of which said it was a best seller.

Retailer brand preference:
Caulking or sealants

Brand	% of retailers naming brand as among their best selling
DAP/DOW	29.0%
Macklanburg-Duncan	17.5
G.E.	13.5
Macco	6.2
Franklin	5.7
Red Devil	4.2
Geocel	4.1
Gibson-Homans	3.2
Superior Sealants	2.9
3C	2.3
UGL	1.7
Armstrong	1.2

Source: *National Home Center News;* Leo J. Shapiro & Assoc. 1984

DAP, Macklanburg-Duncan and General Electric were named most often by retailers as their best-selling caulking and sealant lines.

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3 NEW STORES UNVEILED IN DALLAS:
Elliott's, Payless, Bowater—pp. 28-40

National
Home Center News®

Vol. 10, No. 22 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. Oct. 22, 1984

Diamond repositioning; seeks 'serious DIYers'

Will retrofit 96 stores in two-year program; consolidates purchasing

By Brad Altman
West Coast editor

DALLAS — Diamond Lumber, the $300 million contractor-oriented retailer bought last year by Michigan General, is about to launch a chainwide retrofit program that will alter the look, and virtually double the selling area of all 96 of its stores by 1986.

The massive remodeling campaign is part of a new attempt by the chain to reposition itself in the building supply market by going after "serious" do-it-yourselfers as a source for sales and profit growth.

The ultimate goal, according to president Jerry Rex, is to shift the balance of Diamond's business from 85% contractor/15% consumer to a 65%/35% contractor-consumer mix.

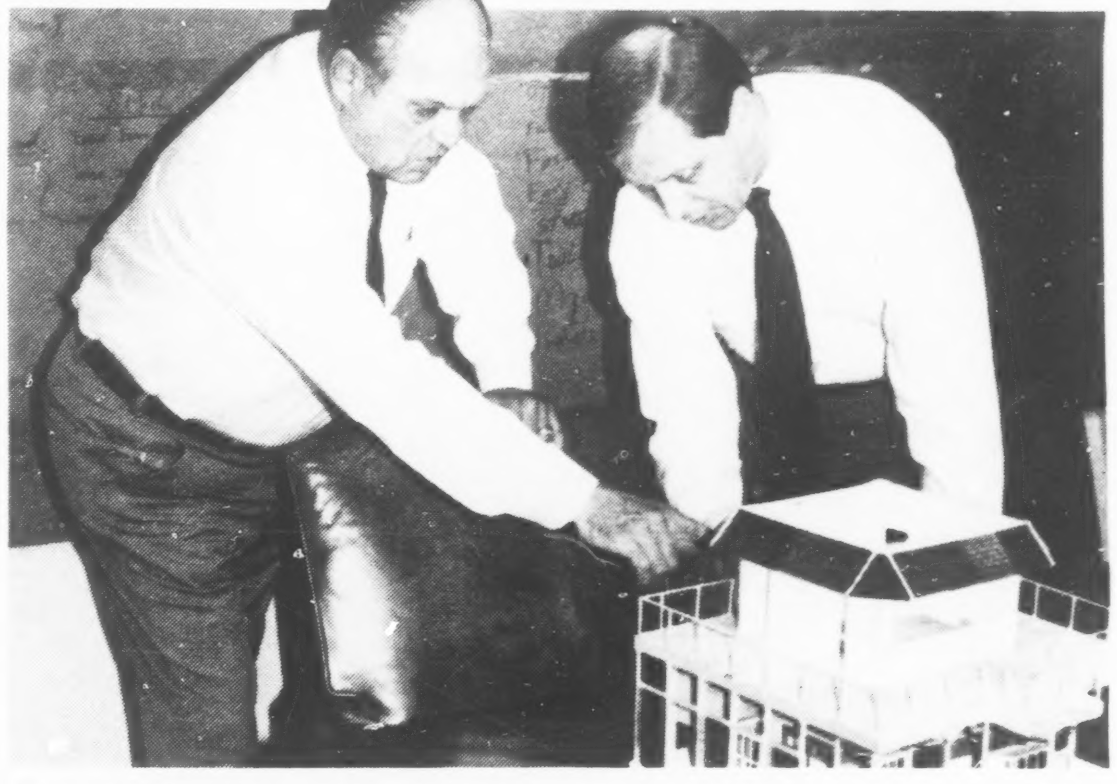
Significantly, the chain has also taken major strides in the past several months toward consolidating its purchasing activities, as part of a broader effort to centralize the chain's management. Prior to Michigan General's acquisition of the chain from Diamond International Sept. 29, 1983, for $127.4 million, the company's stores were operated more or less autonomously with buying handled regionally.

"The purchasing power of Diamond was greatly underused," observed Huey Stafford, vp-merchandising. The chain reportedly has already reduced its buying costs by more than 5% since July by taking fuller advantage of volume buying, according to Stafford.

Diamond Lumber, which ranked 11th in sales last year based on *NHCN* estimates, with sales of $306 million, is a latecomer among heavily contractor-oriented chains to begin taking more centralized, retail-minded steps toward future growth. And with stores in 15 states from Maine to California, 60% of which are in rural communities, it faces some unique challenges.

But Diamond's rural niche is exciting to company execs because of what they call the "rural renaissance" occurring in the country—twice as many homes were built in rural areas

(Continued on page 74)



Diamond Lumber president Jerry Rex (right) and store operations vp Earl Christenson study model of Home Gallery being added to all stores in the chainwide remodeling program. NHCN photo

Mr. HOW: no place for home in its name

MARGATE, Fla. — There's The Home Depot, HomeClub, Homeowner's DIY, Home Centers of America, Homecrafters Centers and even the ill-fated Home Team, not to mention all the chains with "Home Center" on their store signs and in their logos.

Home may be where the heart is, and there may be no place like home; but in retailing, "home" has become so overused that consumers may have trouble telling one company's newspaper or TV ads from another's in a market where two chains are vying for the home field advantage.

Enter HomeOwner's Warehouse, the three-unit company here that is looking to break into seven new markets with 11 stores by year's end, and plans an equal number of new store openings, several in new markets, in 1985.

Instead of trying to challenge other stores sporting "Home" in their titles, the company has opted to change its name to "Mr. HOW Warehouse."

Mr. HOW™
WAREHOUSE

(Continued on page 73)

Homecrafters' 30-store growth rolls on with 2nd Nashville whse

By Phillip M. Perry
NHCN associate editor

NASHVILLE — Homecrafters Warehouse held the grand opening on Sept. 20 for its second warehouse store in this market.

"Now we are fully positioned in Nashville," said Steve Wiley, executive vice president for the chain, which is based in Pelham, Ala., and now has seven warehouse units.

"Nashville has been an undeveloped market," he added. "But when the four warehouse stores announced for this market all open—that should about do it." HomeOwners Warehouse is currently constructing a 70,500-sq.-ft. warehouse store in Goodlettsville, a suburb just north of Nashville, and is reportedly negotiating for a site for its second such unit. Homecrafters Warehouse opened its first unit in the market on July 19.

The new store is part of a larger plan by the company to establish a chain of 30 warehouse stores within three years. New stores should do close to $12 million their first year, and between $17 million and $18 million by the end of their third year, according to Wiley.

(Continued on page 73)

NEWSBREAKS

LOWE'S OPENING 54,000-FT. STORE. Lowe's is expected to unveil a new 54,000-sq.-ft. test store in St. Matthews (Louisville) Ky., next month. The new store, 80% larger than Lowe's current prototype, is intended to develop merchandising and design strategies for future large metro market stores. *NHCN* has also learned the North Wilkesboro, N.C., chain will open a 350,000-sq.-ft. distribution center in Atlanta late next year.

INSIDE:

ACE HARDWARE has joined other prominent retailers and suppliers in a new AT&T product discount program................ **Page 2**
HOME CENTER INDUSTRY is likely to feel the affects of new Government deficit trimming actions: **Washington View** 8

Paint sundries market primed for import competition

By John Caulfield
NHCN senior editor

NATIONAL REPORT — The paint sundries market is heating up, as domestic suppliers slash margins, improve their products' packaging and even incorporate lower-end imports into their mix to counter the impending pressure they see coming from foreign-made applicators and other sundries.

Dealers have already begun to take advantage of this competitive atmosphere by remerchandising their sundries departments to better showcase these items in a way that differentiates "good," "better" and "best" quality levels and price points for consumers.

"It's hard to get someone who wants to buy a $3 brush to step up to $9 if he or she doesn't know why one is priced higher," said Diane Mullins, a buyer for the 13-store Handy Andy in Chicago. Recently, this chain redid its brush and roller program to make these quality and price distinctions clearer, and has seen its sales double.

"Tremendous" sales gains in paint sundries have also been seen at the 24-unit Busy Beaver in Pittsburgh, which buyer Dave Smith attributed primarily to "vastly improved" packaging that explains both DIY use and quality.

In addition to the contribution from packaging improvements, sundries sales at Busy Beaver have been enhanced by the chain's warehousing brushes and rollers and its buying almost exclusively from one brush vendor, the EGI division of United Coatings, which have reduced the chain's out-of-stock problems.

Up until several months ago, the six-unit Masten Lumber in Milford, Del., was buying its sundries from Cotter & Co., the Chicago wholesaler, from which "the department was not getting the kind of attention we wanted," said Grace Greenlee. "Selling paint sundries takes a lot of retail knowledge, and we needed our people to be trained to instruct consumers, who otherwise would shop at a specialty store."

Masten Lumber turned its sundries program over to the Felmor Corp., the Baltimore-based wholesaler, which suggested that each store's department be standardized, and that a third more stock keeping units be added to its mix, focusing on national brands.

As part of its newly revamped department, Masten Lumber carries some imported China bristle brushes and roller frames at the low end. But Greenlee said that, whenever possible, the chain "steers away" from imported sundries. "I've been reviewing different brushes for over a year, and the imports at the low end just can't do the job," she said. "Like most customers, I hate to paint and want an applicator that's going to do the job right the first time. Mostly, the imports don't stack up."

Efforts by dealers to remerchandise their departments go with single sourcing and emphasize higher-end goods are seen by domestic suppliers as factors they can capitalize on in their attempts to thwart any further erosion in their market share by sundries made overseas.

So far, imports' market pene-

(Continued on page 17)

Scotty's warehouse store in Tampa, Fla., displays brushes, applicators and sandpaper on a wall alongside shelves of paint. NHCN *spotlights* **Paint & Sundries, pp. 17-26.**